

FY2023/24 to FY2025/26

**CORPORATE**  
*plan*

The  
*heartbeat*  
of the Nation



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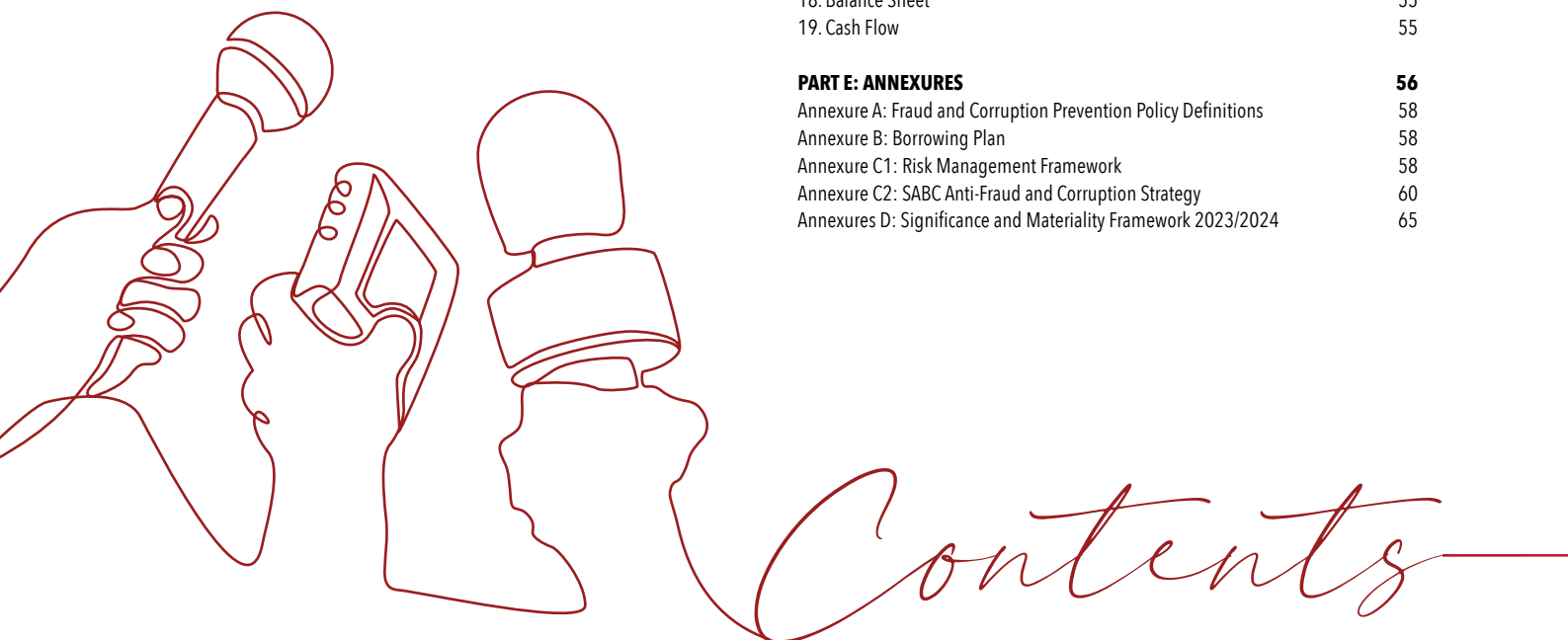
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Differences are not  
intended to  
*separate, to  
alienate.*  
We are different  
precisely  
in order to  
*realize our  
need of  
one another.*  
- Desmond Tutu

**By showcasing the plurality and diversity of South African attitudes, opinions, ideas, values, talent and artistic creativity, the SABC works daily to advance the national and public interest. Through programming that reflects this diversity in language, in the variety of news, information, and analyses, the SABC's contribution to social cohesion in South Africa is substantial. In the arsenal of weapons available to safeguard South Africa's young democracy, the SABC, as the credible public broadcaster that it has become over the past five years, is certainly a linchpin.**

As the new Board of the SABC, we appreciate the work that the previous Board did to stabilise the corporation, and to bring back the credibility of the nation's public broadcaster. We are indeed picking up from where they left off. We start our term off the base of an organisation with good governance and adequate fiscal management practices, both painstakingly re-established over the past five years after years of poor management.

The most pressing matter that requires our collective attention is to improve the going concern status of the SABC and to invest in digital infrastructure in order to keep the corporation's audience base post digital migration. Due to various internal and external reasons, the revenue generation efforts of the Corporation for the past year have been disappointing, resulting in the poor financial position the organisation finds itself in. Improving this picture is our foremost immediate priority. This will involve considering the interventions that management was not able to implement due

to the delayed appointment of the Board, as well as helping management devise additional initiatives to generate revenue in order to close the gap.

Underlying the SABC's recurring periodic financial challenges are significant policy, legislative, and regulatory obstacles. We will intensify the efforts to secure acceptance of the proposals made to overcome these obstacles. These include:

- The implementation of a technology-neutral, device-independent public media levy to replace the existing television licence regime;
- An increase in direct funding for public interest programming – reimbursement of the SABC's cost of unfunded mandate (over R8,9bn between FY2019 and FY2023, an estimated R7,6bn over the next three years) would considerably improve the financial position of the corporation;
- A reduction in signal distribution costs – the Competition Commission is currently, at the SABC's request, mediating this matter between us and SENTECH. The current monopoly pricing, to which the SABC is a victim, requires urgent redress;
- A sports rights pricing regime that benefits the majority of South Africans – the Competition Commission is also in receipt of a complaint from the SABC that seeks relief from what we believe are anti-competitive market practices relating to the costs of sports rights. The South African public stands to continue being prejudiced until this matter is resolved.

The analogue switch-off (ASO) project, which as the SABC we fully support, remains

one that must be approached carefully and systematically with due regard to the millions who rely on the SABC for credible information, education and entertainment. We will continue to work with the Minister of Communications and Digital Technologies and other stakeholders to ensure that we minimise the negative impact of ASO on the SABC's audience ratings and revenue. Due to the unavailability of DTT STBs, the SABC will continue to lose viewers as they migrate to DTH platforms. The SABC seeks appropriation of its digital strategy which includes DTH and OTT. This will assist the SABC to retain some of its audiences.

We will also purposefully engage government and Parliament to secure approval of the draft SABC Bill. The provisions contained in this draft Bill, once approved, will significantly improve the prospects of the SABC realising its vision.

Internally, faster progress must be made in terms of the Corporation's digital transformation journey. The future requires an SABC that is technologically enabled. This will assist us to respond quickly to both opportunities and unfavourable movements in our highly competitive operating environment. It will also enable us to strengthen our digital presence in the market, and optimally position us to benefit from the global and local increasing shift in advertising spend towards digital platforms.

We will build on the unwavering commitment to strong governance and an internal control environment that ensures that no form of malfeasance takes root again, and is affirmed by clean audits. In the same tone, we will jealously guard our independence to ensure that our operational

and editorial decisions do not fall prey to external influences – political or business. Our values and the interest of the public shall be our guide as we navigate the next five years.

During the first quarter of this year, the tenures of both the Group Chief Executive Officer (GCEO) and the Chief Financial Officer (CFO) will come to an end. As we search for a new GCEO and CFO, I, on behalf of the new Board, wish to extend deep gratitude to these two dedicated executives for the work they did for the SABC over the past five years, often at significant personal sacrifice. We wish them the very best in their next endeavours, and hope that they will always remain friends of the SABC.

As the new Board, we are clear and united on the vision we have for a financially secure SABC that is truly a credible public broadcaster, that is for everyone and is everywhere. Over the next five years, we

are committed to doing our utmost to move the SABC further along the journey towards realising this vision. Just as we have inherited a better SABC than existed five years ago, we have every intention of handing over an even better SABC to the next Board in five years - a financially viable organisation, with clean audits, that is geared towards our constitutional mandate of informing, educating and entertaining the nation.



**Mr Khathutshelo Ramukumba**  
*Chairperson of the SABC Board*





It always seems  
*impossible*  
until it is *done*.  
- Nelson Mandela

**When I took up the Group CEO role five years ago, I had no illusions about the magnitude of the task that lay ahead. We inherited an organisation in which the governance framework had been systematically collapsed so as to enable malfeasance and corruption. It was a limping public broadcaster that was hollowed out and financially crippled, with over R1 billion in net losses. While the dire financial situation of the SABC might have been clear to see, what needed more work and focus was the nature of the environment and organisational culture that had given rise to the financial situation in which the public broadcaster found itself.**

As we tirelessly worked on the Turnaround Plan with the previous Board, it became apparent that turning the SABC around would be a multi-pronged, multi-year, multi-phase endeavour. Every aspect of the business required intervention and resetting from a commercial point of view, and there were much-needed policy and regulatory changes required to make the SABC agile, competitive and remain the broadcaster of choice for African-centred narratives.

When we conceptualised the turnaround journey of the SABC, it was planned to take place over three interrelated phases: the Stabilising Phase; the Sustaining Phase; and the Growth Phase. The first two phases were originally ambitiously projected to last about three years each – Stabilising Phase (FY2017

to FY2019), Sustaining Phase (FY2020 to FY2022), Growth Phase (from FY2023 onwards). All deliverables in the Stabilising Phase were successfully achieved.

The Sustaining Phase – the foundation upon which the Corporation is to be positioned for growth – has taken longer than originally planned due to many unforeseen variables that did not exist during the planning phase. This phase is about preparing the Corporation for the Growth Phase. It is about putting all the necessary building blocks in place to achieve “a high-performing, financially sustainable, digitised national public broadcaster that provides compelling informative, educational and entertaining content via all platforms”.

Five years later, I am proud of the SABC’s progress to stabilise and reorientate the organisation. Despite the occurrence of a global pandemic that had a devastating impact on the operations of the Corporation for the duration of two thirds of the planned implementation period of the Turnaround Plan, the adverse impacts of which continue to linger, a lot has been achieved. We have restored good governance, fiscal discipline, and have developed and implemented a new target operating model and organisational structure.

For the first time in many years, the SABC has had a stable executive management team and a stable Board that completed its term. We reintroduced performance management, which was absent for many years, as part of the efforts to re-establish a high-performance culture. Progress has been made in the digital transformation journey, with the launch of the SABC’s own OTT platform (SABC+) being a significant milestone. We have also witnessed great strides on our journey to implement agile and aligned operational processes and, with that, the strengthening of the supply chain management function and processes.

I am, however, disappointed that we have not been able to move the Corporation further along the path towards financial growth due to many internal and external constraints.

Despite our significant achievements, our ongoing challenges with regard to revenue generation, and the policy, legislative and regulatory regime under which the SABC operates, highlight the magnitude of the work that still lies ahead.

The current financial performance of the SABC, and consequently its going concern status, is a matter of paramount concern for the new Board, the management team and every employee. Addressing this matter forms the focus of this Corporate Plan.

The primary focus of the management team and the Board over the MTEF period will be on our performance in terms of our television audiences, and revenue generation. Television audiences must increase, notwithstanding the highly competitive market that includes players with fewer regulatory restrictions and deeper content production and deep marketing pockets, and the negative impact of ASO. This calls for ingenuity and innovation to determine how to effectively confront these external forces, compete and succeed.

The output of our current and alternative revenue generation streams must increase significantly. As the executive management team, we are united in our belief that substantially more revenue can be generated from the existing audiences and various television properties that the SABC owns, which enjoy immense affinity with audiences in South Africa and beyond. Revenue generation must significantly improve to secure a content pipeline, complete the digital transformation journey and retain and attract the high calibre of employees needed to keep the SABC relevant and in step with the needs of its audiences and clients.

The journey to implement agile and aligned operational processes must be drastically accelerated. This is necessary to enable the organisation to overcome the implementation delays of critical enabling digital transformation projects, including consolidating the SABC’s digital offering. Without the completion

Foreword by the

*Group*

Chief Executive Officer

of these digital transformation projects, the financial sustainability of the SABC is further delayed. This implementation of agile operational processes also involves a particular focus on progressing the work started on strengthening the supply chain management (SCM) function and processes. While strong governance has been successfully entrenched in this regard, the focus will now be on enhancing the skills capacity of those involved in supply chain management processes and our SCM practitioners. The intended outcome is an increased proportion of successful acquisition processes that are also processed faster, to support a business that needs to keep up with a fast and constantly changing operating environment and media industry.

When we developed the target operating model and its complementary organisational structure, we emphasised that both were living documents. This meant that they would be reviewed and enhanced continuously to ensure that they supported the strategic objectives of the SABC. Two years later, the working aspects are apparent, as are those that are not working as intended. Changes have already been effected in the Video Entertainment and News & Current Affairs Divisions to improve operational efficiency. Changes are slated for implementation within Sales and Supply Chain Management in the new year. Other Divisions will purposefully pursue similar evaluations and effect the necessary changes to ensure that they operate optimally and are aligned with other Divisions. The goal is an SABC where all Divisions work fast, and in unison.

We will continue to jealously guard the gains achieved in terms of good governance; malfeasance of any sort will not be tolerated. We will continue to strengthen our internal controls. Our journey to embed a culture of high performance by all employees will continue in earnest through the further entrenchment of performance management, underpinned by a culture of accountability at all levels of the organisation. In addition to recruiting for the available critical positions, we will implement our skills development

programme to deepen the skills and capabilities of our existing employees.

Anchoring our plans and their implementation is a steadfast commitment to strong fiscal discipline. We will continue to operate within our means, ensuring that all expenditure will derive a positive return on investment for the Corporation, in revenue, cost or public value.

For the General Elections scheduled for 2024, most preparations will occur this financial year. We look forward to, once again, deliver comprehensive coverage befitting the reputation that we have cultivated over the past five years of being genuinely fair, "independent and impartial".

I remain convinced that a sustained turnaround of the SABC will not be possible without significant changes to the policy, legislative and regulatory provisions that govern its operations. As has been evident over the past five years, the wheels of change do turn, but they turn very slowly. The negative impact on our revenue generation efforts as a direct result of audience losses due to the unrelenting severe power crisis that we have experienced over the past two years – and that looks set to persist for at least the next two years – adds another layer of urgency to the need for the removal of the policy, legislative and regulatory restrictions that prevent the SABC from responding appropriately to these macro challenges. While we will continue to actively participate in seeing these critical changes made, we will draw upon our collective capabilities to navigate this unfavourable environment, made more complex by the unrelenting

power outages (including loadshedding) and the negative impact of the analogue switch-off process, and continue to fulfil our mandate.

Equally important to the sustained turnaround of the SABC is the existence of a stable Board. The absence of a SABC Board for six months has delayed the implementation of critical initiatives intended to enhance the Corporation's revenues.

Five years ago, the SABC's Board and management needed to extensively focus on multiple fronts to save the organisation from collapse. Through the work done we now have a singular focus on revenue generation in the coming MTEF period to ensure the financial sustainability of the SABC. The experience and knowledge of all SABC's senior management and employees, combined with the guidance of the new Board and the support of the Minister of Communications and Digital Technologies, should see the Corporation turn around its revenue generation fortunes.

I am more convinced today than I have ever been about the value of this institution to South Africa and its democracy. Its continued existence is non-negotiable. I am excited about the prospects of the SABC's journey going forward. Realising our vision is firmly in sight. It is possible and remains 'in our hands'.



**Mr Madoda Mxakwe**  
Group Chief Executive Officer



# Official Sign off

**As South Africa's national public broadcaster, the SABC exists to bring South African citizens a broader understanding and appreciation of themselves, in the context of both South Africa and the world. Through its expansive and varied programming, the SABC unrelentingly endeavours to always reflect South African attitudes, opinions, ideas, values and artistic creativity and talent. It offers a plurality of views and a variety of news, information and analysis from a South African point of view, whilst at the same time advancing the national and public interest. Our citizens and residents turn to the SABC to help them connect to the broader South African experience, on the platform and in the language of their choice.**

SABC content is available through a variety of platforms and services. The SABC strives to keep expanding its services to all through various advancements in technology. This ensures compliance with the universal service mandate of the SABC. To fulfil this extensive mandate, especially given the SABC's current funding model, is a considerable challenge. Increased competition for viewers and listeners has resulted in intense financial pressure on the broadcaster's business model.

Concerns about media concentration and the need to enhance diversity of editorial content are becoming increasingly important. Equally important is the ever-growing phenomenon of 'fake news'. In this context, it is critical for the Corporation to be seen as a credible source of a wide range of voices and perspectives in South Africa.

Over the period that this Corporate Plan is in effect, the SABC will continue in its efforts to re-shape itself to respond to these challenges. The Corporation seeks to fundamentally transform its programming, operations and management, in an effort to fulfil its mission and realise its vision.

## Vision

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

## Mission

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

## Values

**Trust:** To always demonstrate honesty and consistent dependability in our interactions in and outside the organisation.

**Respect:** To respect the public mandate we are entrusted with and conduct ourselves respectfully in all our engagements, internally and externally.

**Integrity:** To always conduct ourselves ethically and in the interest of the organisation in the decisions we make in executing our responsibilities.

**Quality:** To aspire to and provide the highest standard of quality in the work we produce and experiences we exchange.

## Overview and

# Background

### It is hereby certified that this Corporate Plan:

- Was developed by the management of the South African Broadcasting Corporation (SABC) under the guidance of the SABC Board.
- Considers all relevant policies, legislation and other mandates for which the SABC is responsible.
- Accurately reflects the outcomes and outputs that the SABC will endeavour to achieve over the period FY2023/24 to FY2025/26



**Mr Ian Plaatjes**  
Chief Operations Officer  
26 May 2023



**Ms Yolande Van Biljon**  
Chief Financial Officer  
26 May 2023



**Mr Madoda Mxakwe**  
Group Chief Executive Officer  
26 May 2023



**Mr Khathutshelo Mike Ramukumba**  
Chairperson of the Board  
26 May 2023

AAVCS	Audio and Audio-Visual Content Services	ERMF	Enterprise Risk Management Framework	PWC	Price Waterhouse Coopers
AG	Auditor General	ERMP	Enterprise Risk Management Policy	QSE	Qualifying Small Enterprise
ASO	Analogue Switch-off	EU	European Union	R&D	Research and Development
BAC	Bid Awards Committee	EXCO	Executive Management Committee	RAM	Radio Audience Measurement
B-BBEE	Broad-Based Black Economic Empowerment	FM	Frequency Modulation	ROI	Return on Investment
BCCSA	Broadcasting Complaints Commission of South Africa	FPB	Film and Publication Board	SA	South Africa
BCEA	Basic Conditions of Employment Act	GCEO	Group Chief Executive Officer	SABC	South African Broadcasting Corporation (SOC) Limited
BEC	Bid Evaluation Committee	GDP	Gross Domestic Product	SABS	South African Bureau of Standards
BRC	Broadcast Research Council	GIA	Group Internal Audit	SAPS	South African Police Service
CAPEX	Capital Expenditure Investment	GRAP	Generally Recognised Accounting Practice	SARS	South African Revenue Services
CFO	Chief Financial Officer	ICASA	Independent Communications Authority of South Africa	SCM	Supply Chain Management
COO	Chief Operating Officer	ICT	Information Communications and Technology	SME	Small and Medium Enterprises
COVID-19	Corona Virus	IFRS	International Financial Reporting Standards	SMME	Small Medium Micro Enterprise
CPI	Consumer Price Index	IM	Information Memorandum	SONA	State of the Nation Address
CSI	Corporate Social Investment	IMT	International Mobile Telecommunications	Stats SA	Statistics South Africa
CXM	Customer Experience Management	IP	Internet Protocol	SSA	State Security Agency
DAF	Delegation of Authority Framework	King IV	King IV Code of Corporate Governance for South Africa™	STB	Set Top Box
DCDT	Department of Communications and Digital Technologies	MOI	Memorandum of Incorporation	SVOD	Subscription Video on Demand
DEL	Department of Employment and Labour	MOU	Memorandum of Understanding	TAMS	Television Audience Measurement Survey
DOH	Department of Health	MTEF	Medium-Term Expenditure Framework	TOM	Target Operating Model
DSTV	Digital Satellite Television	NDP	National Development Plan	TR	Treasury Regulation
DTH	Direct-to-Home	NIA	National Intelligence Agency	TV	Television
DTI	Department of Trade and Industry	OTT	Over-the-Top	UGC	User-generated Content
DTT	Digital Terrestrial Television	PBS	Public Broadcasting Services	VE	Video Entertainment
E&M	Entertainment and Media	PCS	Public Commercial Service	VOD	Video on Demand
EAP	Economically Active Population	PFMA	Public Finance Management Act No. 1 of 1999	WSP	Workplace Skills Plan
ECA	Electronic Communications Act	PR	Public Relations		
EME	Exempted Micro Enterprise	PRECCA	Prevention and Combating of Corrupt Activities Act		
ERM	Enterprise Risk Management				





SCAN this QR code for more  
information on our CSI initiatives.

In each of us, there  
is an innate ability to  
*create joy*  
out of suffering,  
to find  
*hope*  
in the most hopeless of  
situations, and to heal  
any relationship in need  
of healing.

- Archbishop Desmond Tutu

A big thank you to all our loyal viewers and listeners who heeded the call and supported our initiatives to bring joy and hope to many of our South African families during the trying times of the pandemic and the recent floods in KZN.



Part A: Our

# Mandate

## 1. SABC Mandate

The South African Broadcasting Corporation (SOC) Limited (SABC) is a Schedule 2 (major public entity) entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA), as amended. The Corporation is subject to a list of legislation regarding its operations and the Broadcasting Act No 4 of 1999 (the Act) is the SABC's founding statute. In terms of the Act, the SABC's obligations are captured in the Regulations provided by the Independent Communications Authority of South Africa (ICASA) and the license conditions for the Corporation's five television channels and 18 radio stations. The business of the SABC is further defined by the Act in terms of two distinct services, the Public Broadcasting Services (PBS) and the Public Commercial Services (PCS). Each radio station and television channel is licensed independently by ICASA, and each is required to adhere to its respective licence conditions and the provisions of the Act.

### PUBLIC AND COMMERCIAL BROADCASTING SERVICE MANDATE

The mandate of the SABC, as a public broadcaster, is embedded in a range of statutes, regulations, policies, codes of conduct and licence conditions. The SABC's statutory framework includes:

- Constitution of the Republic of South Africa No. 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.
- Electronic Communications Act No. 36 of 2005, as amended.
- Companies Act No. 71 of 2008, as amended.
- In executing its mandate, the SABC is also guided by:

- The Public Finance Management Act (PFMA), No 1 of 1999, as amended.
- The Companies Act, No 71 of 2008.
- The King IV Code of Corporate Governance for South Africa™ (King IV).
- South African National Treasury Regulations.
- The SABC's Delegation of Authority Framework (DAF).

In addition to the legislative and regulatory requirements, the SABC Board is charged with control and direction of the affairs of the Corporation, as defined by the company's Memorandum of Incorporation (MOI), as amended from time to time, and codified in the shareholder compact, incorporating a materiality framework. This ensures that the Corporation complies with the statutory and public policy prescriptions

## 2. SABC Charter

The Broadcasting Act prescribes the following objectives for the SABC:

- 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 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



Our  
Mandate



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, trademarks, 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;

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

### 3. Legislative and Policy Mandates

The SABC is involved in various policy and regulatory processes that are intended to culminate in new legislation that will have implications for the SABC's revenue generation and business operations. Below are the related policies currently under review.

Policy	Review
<b>Audio and Audio-visual Content Services (AAVCS) - Draft White Paper</b>	The 1998 Broadcasting Policy has been under review for some time. The review process has, however, been delayed. The SABC and other broadcasters have been involved in the shaping of the AAVCS Draft White Paper, which the DCDT published for public comment. The Draft White Paper addresses policy imperatives applicable to the current broadcasting environment and the disruptors in the digital and online spheres. In February 2021, the SABC made a comprehensive submission in response to the content of the Draft White Paper and further made an oral submission at the hearings held by the DCDT in June 2021. The DCDT is expected to publish the second version of the AAVCS Draft White Paper for public comment. The SABC will make further written representations in due course.
<b>SABC Bill</b>	<p>Parallel to the AAVCS Draft White Paper, the DCDT initiated a process to repeal the Broadcasting Act of 1999 by publishing the SABC Bill on 16 July 2021. The SABC has made the following key submissions in response to the Bill:</p> <ul style="list-style-type: none"> <li>• Revised key definitions.</li> <li>• Governance framework guided by court judgements.</li> <li>• Provision for the editorial independence of the Corporation.</li> <li>• Establishment of a new prescribed public media levy, and the setting out of the determination, enforcement and collection thereof.</li> <li>• Removal of the provision for separate public and public commercial divisions.</li> <li>• Alignment of the SABC Act with the amendments to the Electronic Communications Act, 2005.</li> </ul> <p>The SABC participated in the DCDT's public hearings on 20 September 2021 and further submitted additional information to the DCDT on 5 October 2021. Thereafter, the SABC submitted an alternative Bill to the DCDT on 29 October 2021. The next step is for the SABC to make further submissions when the Bill is processed by Parliament.</p>



The SABC headoffice in Auckland Park.

Policy	Review
<b>ICASA Discussion Document on the Market Inquiry into Signal Distribution Services</b>	<p>ICASA published the Discussion Document on the Market Inquiry into Signal Distribution Services in South Africa on 22 April 2022, for public comment. The SABC submitted its written representation to ICASA on 28 June 2022.</p> <p>Thereafter, ICASA convened public hearings on 26 and 29 August 2022 and the SABC made oral representations on 29 August 2022.</p> <p>The SABC's presentation focused on the anti-competitive behaviour of Sentech and its monopoly in the signal distribution market, lack of transparency on signal distribution tariffs and the need for the regulator to impose pro-competitive conditions on Sentech as provided for by the Electronic Communications Act.</p> <p>The next step is for ICASA to publish a Findings Document and /or Draft Regulations, to which the SABC will advance further submissions.</p>
<b>ICASA licencing process for International Mobile Telecommunications (IMT)</b>	<p>On 1 November 2019, ICASA published a notice inviting comments regarding the licencing process for International Mobile Telecommunications (IMT) spectrum in respect of the provisioning of mobile broadband wireless open access services for urban and rural areas using the complimentary bands IMT 700, IMT 800, IMT 2300, IMT 2600 and IMT 3500 ("the memorandum"). The SABC has been operating its analogue and digital television services in the band 694 – 854MHz among other Very High Frequency (VHF) and Ultra High Frequency (UHF) bands. ICASA has allowed new licensees to occupy some of the SABC frequencies prior to the finalisation of the digital migration process and this has resulted in harmful interference with the SABC Services.</p> <p>The SABC has made submissions in relation to IMT licensing process. To date, ICASA has licensed telecommunications operators on these bands.</p> <p>The SABC will continue to engage the DCDT and ICASA on the negative implications of this process.</p>
<b>Must Carry Amendment Regulations</b>	<p>On 31 March 2022, ICASA published the Must Carry Amendment Regulations ("the Amendment Regulations") for implementation. In the main, the Amendment Regulations are now aligned to section 60(3) of the Electronic Communications Act, which empowers public broadcasting services and subscription broadcasting services to negotiate carriage fees for the Must Carry arrangement, without interference from ICASA.</p>
<b>Review of Sports Broadcasting Services Regulations</b>	<p>In 2018, ICASA began the process to review its Sports Broadcasting Services Regulations of 2010. The review process came as a result of an outcry from various interested stakeholders, including the SABC. To this end, the SABC participated in the public consultation processes until the Sports Broadcasting Services Amendment Regulations were gazetted on 31 March 2021 (the Amendment Regulations).</p> <p>During the public consultation process, the SABC pleaded with ICASA to develop a fair and transparent regulatory framework which ensures accessibility of sports rights by free-to-air broadcasting services, for the benefit of the public. However, when ICASA issued the Amendment Regulations on 26 March 2021, they were still unfavourable to the SABC, in that they did not make the rights to national sporting events accessible to free-to-air broadcasters. Consequently, the SABC had to lodge a complaint with the Competition Commission with respect to anti-competitive behaviour of Supersport. The matter is still under consideration by the Competition Commission.</p>
<b>Ban on Alcohol Advertising</b>	<p>The Department of Trade and Industry (DTI) published on 30 September 2016 the Draft National Liquor Policy and the National Liquor Amendment Bill, which propose advertising restrictions on both TV and Radio between 6am and 10pm and the removal of content that glamorises liquor on the broadcasting platform. The SABC submitted its written representation to DTIC on 29 November 2016. The legislation development process is underway and thereafter the DTI will issue regulations for public comment. The SABC will participate in the regulation development process. The SABC stands to lose over R800m should the advertising restrictions be implemented.</p>
<b>Unhealthy Foods advertising regulations</b>	<p>On 29 May 2014, the Department of Health (DoH) published Draft Regulations on Unhealthy Foods Advertising. The regulations prohibit advertising of unhealthy foods on TV or Radio from 6am to 9pm. The SABC has submitted its written representation to DoH. The matter is still under consideration by the DoH.</p>
<b>Subscription broadcasting services regulations</b>	<p>In 2017, ICASA initiated a process to review the current subscription broadcasting services market and regulatory framework to assess the state of competition in the sector. The SABC has made submissions with respect to other regulations that create unfair competition in the television market and has suggested that sector-specific regulations in the area of subscription broadcasting services should be developed, with a view to safeguarding the sustainability and viability of public broadcasting services or free-to-air services. The SABC further made submissions on ICASA's Draft Findings Document on the Inquiry into Subscription Television Broadcasting Services and participated in the subsequent public hearings held in January 2021.</p> <p>However, on 9 May 2022, ICASA published its intention to consult further on this inquiry. The SABC looks forward to further engagements with ICASA on this inquiry when public consultations resume.</p>
<b>Digital Terrestrial Television - Broadcasting Digital Migration</b>	<p>The regulations on digital terrestrial television (DTT) advocate the "use it or lose it" principle in respect of spectrum, which implies that unused radio frequencies will be forfeited. Furthermore, the prescribed allocation split of direct to home (DTH) at 16% and DTT at 84% deprives the SABC of the ability to optimise DTH transmission benefits. The SABC continues to engage ICASA and DCDT on the negative implications of these regulations. The SABC has provided input to the AAVCS Draft White Paper in this regard, by advocating for the principle of platform neutrality in the policy and regulation, and is looking forward to finalisation of the policy on this matter. Further engagements with the DCDT and ICASA will continue.</p>

Policy	Review
<b>Radio Frequency Assignments</b>	The SABC has been in talks with ICASA to resolve challenges regarding the SABC radio frequency assignments and related to coverage spillages into neighbouring countries. The SABC will continue to engage ICASA as this matter affects the Corporation's universal service mandate.
<b>Review of Advertising Sponsorships and Infomercials Regulations</b>	<p>ICASA published a Discussion Document on the Review of the Advertising Sponsorships and Infomercials Regulations on 26 March 2020. The SABC responded to the Discussion Document, arguing for a review of the regulations for various reasons, such as digitalisation in the audio-visual industry, which saw new revenue streams and a gradual shift in advertising from traditional to digital media, and the advent of OTTs and new players in the market that were not in existence at the time when the current regulations were introduced. The SABC further submitted that the review of the regulations should ensure regulatory parity amongst players in the industry. Of significance is the review of section 60 (4) of the ECA, which provides for advertising restrictions on pay television. The SABC revenue generation opportunities may be compromised if the SABC does not participate in the review process.</p> <p>To this end, the SABC participated in the public hearings on 11 July 2022. Additional representation was submitted to ICASA on 3 August 2022.</p> <p>The SABC will continue to participate in the public consultation process of ICASA.</p>
<b>ICASA Elections Draft Regulations</b>	In preparation for the 2024 National Elections, ICASA will develop draft regulations for public comment. Section 57(3) of the Electronic Communications Act enjoins ICASA to consult the SABC about existing concerns regarding programming and financial challenges that may be incurred, as a result of the Elections Regulations. Thereafter, the SABC will make submissions during the public consultation process.
<b>FPB Online Content Regulation/Policy</b>	<p>The Films and Publications Amendment Act of 2019 (FPAA) came into operation in March 2022. In September 2022, the FPB published the FPB Online Content Regulations (Regulations) for implementation. Prior to these publications, the SABC participated in the public consultation processes to advance the interests of the Corporation.</p> <p>In terms of the FPAA and the Regulations, all online content must be pre-classified in line with the FPAA Regulations or be subjected to a self-regulatory system finalised by the FPB. However, other online content services, including broadcasters, are exempted from the pre-classification obligation. The SABC, together with the National Association of Broadcasters, are engaging the FPB to clarify the scope of the legislative exemption for broadcasters. The SABC stands to incur compliance costs, in the form of registration costs (R700k) and the incalculable classification costs, if this matter is not addressed.</p>
<b>Copyright Amendment Bill</b>	<p>On 10 August 2015, the Department of Trade, Industry and Competition (DTIC) published the Copyright Amendment Bill for public comment. Parliament had approved the Bill for approval by the President, but he returned it to Parliament for review, mainly because of reservations about its constitutionality. The DTIC has reworked the Copyright Amendment Bill and Performers' Protection Amendment Bill, and the process is currently under review by the National Council of Provinces. Interested parties were required to make comments on these Bills by 27 January 2023.</p> <p>In the main, the Bills seek to promote intellectual property rights of South African citizens, introduce the obligation to pay repeat fees, and prescribe the obligation to pay royalties for digital usage of intellectual property along with the introduction of draconian penalties.</p>
<b>ICASA digital licensing framework</b>	The SABC has recommended that the current, analogue-based, licensing model should be amended. The SABC can deliver its services much more effectively if the licensing model is aligned to the digital, multichannel environment. In 2015 ICASA committed in the Position Paper on Local Content to embark on the inquiry into the DTT broadcasting licensing framework. The SABC still awaits the process to unfold.

### Basic Conditions of Employment Act No.75 of 1995

On 11 December 2019, the Department of Employment and Labour (DEL) published a notice of its intention to amend the Basic Conditions of Employment Act (BCEA), with a view to deem persons in the film and TV industry as employees for the purposes of some parts of the BCEA and Labour Relations Act. The net effect of the amendment is that it may increase the cost of production. The DEL is considering alternative measures of protecting the interests of artists within the TV and Film industry, as proposed by production houses and organisations.

### Code for Persons with Disabilities

ICASA began the review of the Code for Persons with Disabilities in 2018. The Draft Code sought to ensure universal access of broadcasting services for people with a disability. The Draft Code prescribed minimum requirements or quotas for subtitling, audio captioning, audio description and closed captioning. These increase incrementally over a period of three years, for each tier of broadcasting. The penalty for contravention is a fine not exceeding R5 million or 10% of the licensee's annual turnover for every day of contravention. The SABC submitted its written representation to ICASA in January 2018. In 2019, ICASA conducted workshops on the matter and later requested

the SABC to submit information regarding the cost of audience assistance services. ICASA published the revised Draft Code in June 2020 and the SABC submitted its written representation on 14 August 2020. Thereafter, ICASA published the amended Code on 9 April 2021 for implementation. The Code became effective 18 months after the date of publication (i.e. 9 October 2022).

## 4. Institutional Policies and Strategies

### SABC Policies

The policies approved by the SABC Board in the 2022/23 financial year are detailed in the table below

Policy	Objective of Policy
<b>SABC Compliance Policy</b>	The Compliance Policy identifies SABC compliance processes that are effectively used to identify, assess, manage, monitor and evaluate its compliance risks on a continuous basis, as well as key compliance role-players who work together to develop a compliance culture within SABC.
<b>SABC Compliance Charter</b>	The SABC Compliance Charter provides the Compliance Management Function with the status and authority needed to effectively discharge its responsibilities.
<b>Conflict of Interest Policy</b>	The Conflict of Interest Policy is intended to assist the Responsible Persons in recognising and managing any conflicts between their private interests and their duties as office-bearers, contractors or employees ("Responsible Person") of a state-owned entity. It aims to facilitate ethical decision making at the SABC and to promote public confidence in the integrity of the SABC. The Responsible Persons commit to conducting themselves in accordance with the highest standards of integrity and ethics and in compliance with the applicable legal and regulatory framework related to objectivity, independence, and the Conflict of Interest Policy.
<b>Policy Management Framework.</b>	The Policy Management framework aims to provide guidance on managing policies and procedures within the SABC and strengthen internal controls.
<b>Whistleblowing Policy</b>	The Whistleblowing Policy is intended to provide overall guidance for the reporting of concerns and to further encourage and assure staff and other stakeholders that the SABC deals with concerns within the SABC, rather than overlooking the problem or reporting such concerns through inappropriate channels.
<b>Delegation of Authority Framework</b>	The Delegation of Authority Framework (DAF) seeks to create structured decision-making at all levels of the SABC in order to promote effective and efficient governance of the Corporation.
<b>Taxation Policy</b>	This policy document sets out to prescribe the process with regards to taxation (Corporate Income Tax, Capital Gains Tax, Valued Added Tax, Employee Tax, Dividends Withholding Tax, Withholding Tax on Royalties) within the SABC, in accordance with the Income Tax Act No. 58 of 1962.
<b>Trade and Other Payables Policy</b>	<p>The objectives of the Trade and Other Payables Policy are to:</p> <ul style="list-style-type: none"> <li>• Ensure efficient and effective processing and payment of all vendor invoices, that all invoices are verified and that payments are appropriately made to the correct vendor at the correct prices for goods and services delivered.</li> <li>• Ensure that all contractual obligations are settled, and all monies owing are paid within the prescribed or agreed period.</li> <li>• Ensure that the SABC complies with any tax commitments and compliance measures as may be required by legislation.</li> <li>• Regulate the processes pertaining to payment of vendors, accruing for unrecorded transactions and the management of unpaid vendors.</li> <li>• Regulate the processes pertaining to the accuracy of recording of information through the performance of reconciliations between vendor supplier invoices/statements, sub-ledgers and ledgers.</li> <li>• Ensure that there is appropriate segregation of duties and financial controls.</li> </ul>
<b>Independent Contractors Policy</b>	<p>This policy is applicable to all Independent Contractors, and it expressly excludes permanent employees, fixed term contract employees, casual employees and interns.</p> <p>This policy supersedes all previous policies related to Independent Contractors.</p>
<b>Partnerships Policy</b>	<p>The partnership policy applies to all SABC divisions engaging with external parties to establish partnerships. The policy ensures uniformity in service, approach and value determination by governing the parameters and processes for SABC business partnerships.</p> <p>The policy broadly covers three key partnership groups:</p> <ul style="list-style-type: none"> <li>• Content generating partnerships</li> <li>• Content distribution partnerships</li> <li>• Strategic/relationship building partnership</li> </ul>
<b>SABC Business Travel, Entertainment and Subsistence Policy</b>	To provide a means for travel, accommodation and associated costs for SABC employees who have to travel within South Africa and abroad to execute the business of the SABC
<b>SABC Staff Expense Claims and Operational Advance Policy (Replaces Cash Transaction and Operational Advance Policy)</b>	<p>Staff expense claims, staff refunds and operational advance payments are processed on a daily basis in the normal execution of business duties in the SABC. Strict rules, controls and procedures are required to ensure that these funds are safeguarded against misappropriation at all times. Funds to SABC staff for operational activities will only be made available by the SABC upon duly authorised requests.</p> <p>These funds for operational activities should not be used as a means to avoid the normal SABC procurement process.</p> <p>SABC permanent staff members and fixed term employees (staff members) are periodically required to perform duties away from base for a period (which may vary from one day to several weeks), during which period certain operational expenditure can be incurred on behalf of the SABC. In some instances, operational advances may also be required where a staff member is not away from base but requires the use of the facility of an advance for unforeseen expenses.</p> <p>The nature of the expenditure and the amount thereof will vary in accordance with the nature of the work to be executed (e.g. follow up on a news story, emergency repairs, visa applications, fuel and tollgates fees for hired vehicles, payment of SABC motor vehicle licenses etc.)</p>

Policy	Objective of Policy
<b>Transport Policy and Procedure</b>	<p>To facilitate the efficient management, administration and use of SABC fleet vehicles to provide authorised users with cost effective transport for business purposes.</p> <p>To provide safe transport to authorised users for the SABC business and other approved activities.</p> <p>To adhere to the prescriptions of the relevant legislations.</p>
<b>Printing Policy</b>	<p>The objective of this print policy is to control costs, ensure that equipment is properly maintained and in working order, and to ensure compliance of responsible use of printing equipment. It seeks to:</p> <ul style="list-style-type: none"> <li>• Reduce the volume of printed and photocopied material without detriment to the operational requirements of the SABC.</li> <li>• Reduce spending on printing and copying through providing print management solutions and obtaining better value for money from the equipment.</li> <li>• Support the Digital Workplace and Digital Transformation “paperless” office approach already promoted by IT at all SABC offices.</li> <li>• Promote the strategic management of printing, ensuring that high volume printing is channelled to the most appropriate devices with the necessary equipment and resources to provide this service (Print Rooms).</li> </ul>
<b>Electronic Mail (Email) Policy</b>	<p>The objective of this document is to formalise:</p> <ul style="list-style-type: none"> <li>• The approval procedures required before staff members are granted access to electronic mail.</li> <li>• The conditions under which staff will be given access to electronic mail.</li> <li>• The control measures applicable to staff with electronic mail access.</li> <li>• The appropriate and inappropriate use of electronic mail.</li> <li>• The cost structure for electronic mail access on mobile devices.</li> </ul> <p>It should be read in conjunction with the Internet Policy. This document is intended to define practical issues rather than state broad policies.</p>
<b>Website Development Policy</b>	<p>In order to deliver on the content objective of the SABC on all platforms - namely through internet and other online platforms including streaming and mobile - applications should be coordinated centrally. Recently, there was tremendous growth in the number of web sites set up within the SABC. However, this largely uncoordinated effort led to a proliferation of sites not adhering to the standards regarding look and feel, as well as the technologies implemented. The lack of centralised management of this strategic initiative seriously compromises the overall benefit that can be derived by the Corporation. This policy recommends centralising the co-ordination of all web activity in the SABC. At present, web sites are being developed at random and the owners of these sites have the freedom to handle the projects without any communication with IT or Digital Media. By centralising the co-ordination of all web activity within one department, such as Digital Media, the following functions can be addressed:</p> <ul style="list-style-type: none"> <li>• Co-ordination between clients and vendors (internal or external developers, consultants, etc.) through the Digital Media department.</li> <li>• Co-ordination between vendors, clients and Legal Services (contractual obligations and agreements).</li> <li>• Creation of directories and registration of domain names.</li> <li>• Launching of web sites following the change management processes.</li> <li>• Security and access.</li> <li>• Server and software maintenance.</li> <li>• Project management of development activities.</li> <li>• Quality assurance.</li> <li>• Ensuring alignment with corporate policy and corporate plans. Since Technology - Digital Media already has the infrastructure in place to co-ordinate and manage these activities, IT has the overall co-ordinating function.</li> </ul>
<b>Patch and Vulnerability Management Policy</b>	<p>This policy describes the process for maintaining up-to-date operating system patching, security patches and software version levels on all the SABC-owned IT estate and services supplied by third parties. It is the detailed process of the IS Security requirements on Patch Management.</p>

While there were policies that were reviewed in Quarter 3 of FY2022/23, there were no Board meetings to approve policies because the previous SABC Board term ended on 15 October 2022. The list above is of policies approved in the Q1 and Q2 of 2022.

## 5. Relevant Court Rulings


No court rulings that affect the SABC mandate have been issued during the 2022/23 financial year.



SCAN this QR code for more  
information on our Educational  
initiatives.

It is our moral  
*obligation*  
to give every child  
the very best  
*education*  
possible.

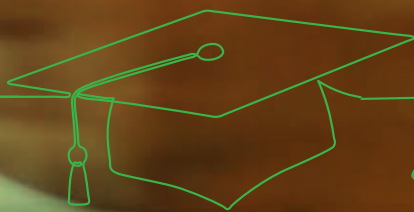
- Archbishop Desmond Tutu

A close-up photograph of a child's hand holding a pencil, poised over an open book. The child is wearing a maroon shirt. The background is a soft, out-of-focus green and yellow.

Educational programmes, initiatives and  
partnerships ensure that children have  
access to much needed educational  
support and material.



Part B: Our



*Strategic*

Focus

## 6. Situational Analysis

This section presents an update to the situation analysis for both the external and internal environments and how they will affect the operations of the SABC.

The year 2022 was a difficult one for most South Africans. While the COVID-19 pandemic was largely under control, the aftermath was still being felt. There was on-going loadshedding, the repo rate was increased by 3.25% over the year, the fuel cost was unprecedentedly high, reaching close to R27 per litre in the middle of the year, inflation was running at 7.2% in December 2022 and all in all, by the end of the year South African's were feeling the pinch.

It is unlikely that the situation is going to improve much during 2023. Global growth is projected to slow to about 3.6%,<sup>1</sup> with South Africa's growth being projected to be about 1.1% over the year.<sup>2</sup> While the unemployment rate has reduced slightly, it is still very high, standing officially at 32.9%, although the youth unemployment rate is over 50%.<sup>3</sup> It is also clear that loadshedding is going to be a "normal" part of life for at least the next two years.

In order to continue operating effectively in these difficult circumstances, the SABC is going to have to be innovative and imaginative in how its operations are run, while still prioritising content that adheres to policy and legislation and being accessible, educational, inclusive and entertaining. Retaining and employing knowledgeable staff should allow the SABC to compete more aggressively from a content perspective and to operate at an optimal level.

Managing the revenue-expenditure spread better will insulate the SABC against any income that may be lost. Accelerating the growth of its digital products and tailoring content to prevailing market demands should make the pursuit of clients more successful. Proactive and adaptive responses to the ever-changing environment will help the Corporation to survive. The SABC needs to have suitable plans to navigate impending economic and market challenges, while taking full advantage of all emerging

opportunities, and learning and adjusting to the current precarious economic situation.

Salient shifts that may influence the implementation of the SABC's 2022/23 Corporate Plan are discussed in the sections on the external and internal environment below.

### 6.1 External Environment Analysis

#### Media Landscape

According to the PWC's Perspectives from the Global Entertainment & Media Outlook 2022-2026,<sup>4</sup> the Entertainment & Media (E&M) industry recovered from the 2020 contraction, with revenues in 2022 rising by 10.4%. It is forecast that global revenues for the E&M industry will approach US\$3tn by 2026. The report issues a warning that the overall growth pattern may be hiding underlying volatility. They forecast that, as more people spend more money on the increasingly immersive E&M experiences that are being made available, the E&M complex will expand faster than the global economy.

Use of media and entertainment services has changed as a result of the COVID-19 pandemic. There was a spike in demand for digital products and services during the pandemic, and there doesn't seem to be a transition back to the pre-COVID patterns. In the face of less expensive unbundled Streaming Video on Demand (SVOD) offerings that combine TV with data delivery, subscription households are anticipated to fall significantly. Although the practice of licensing for public broadcasting is expected to continue as a source of revenue, new options need to be investigated as this method of revenue generation is becoming increasingly antiquated.

PWC forecast that the "next big thing" is going to be developments in the metaverse, which can be defined as "the convergence of physical and virtual worlds". Already, applications that allow immersive virtual experiences through headsets or other connecting devices are available. They summarise the situation like this:

- Don't believe the hype: the metaverse is an evolution, not a revolution. And it's one that business leaders should not ignore.
- The metaverse may profoundly change how businesses and consumers interact with products, services and each other.

- Key metaverse concepts, including digital economy innovations such as cryptocurrencies, are business-relevant today.

- Risks are real too: new technologies require new strategies and new methods to build trust.

- Measured actions can allow business leaders to familiarise themselves with the six most important metaverse concepts and explore lower risk use cases.<sup>5</sup>

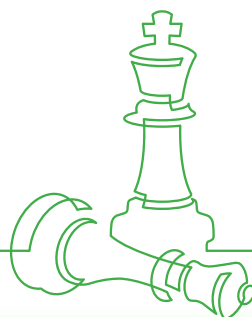
The six metaverse concepts that make up PWC's metaverse framework are:

- Economy: It is likely that cryptocurrencies, non-fungible tokens and other digital currencies, assets and exchanges will underpin value exchange;
- Interoperability: There will need to be seamless interoperability amongst platforms and users.
- Governance: There will need to be rules of engagement for users and for how the metaverse can change over time, as well as enforcement mechanisms.
- Identity: As the metaverse is decentralised and interconnected, trusted digital identities for individuals, assets and organisations, that can port across platforms will be needed.
- Experience: The metaverse will offer unique experiences, based on the beliefs, ideals and tastes of individuals.
- Persistence: In a true metaverse, the changes made to it by participants should be reflected. Life in the metaverse continues, even when you are not participating in it.

#### Television Broadcasting

*The transition from Analogue to Digital Broadcasting in South Africa*

President Ramaphosa stated during the State of the Nation Address (SONA) on 11



Our *Strategic* Focus

February 2021 that all analogue TV will be switched over to digital TV by the end of March 2022.<sup>6</sup> As at the date of this document, the final switch-off date is yet to be determined.

In a media briefing on 9 December 2022, former Minister of Communications and Digital Technologies Khumbudzo Ntshavheni indicated that this switch-off is urgent. She said, "(The) analogue switch-off must be concluded without further delay in order to enable the telecommunication network operators to decongest the networks with the deployment of 4G and 5G networks. The quality of connectivity is degrading across the country, and some areas have completely lost network coverage, pushing for a speedy conclusion of digital migration to allow speedy 4G and 5G deployment."<sup>7</sup> She said that reports of cross-interference between broadcasting and IMT services are already being received, something that government had hoped to avoid but could not because of the delayed switch-off.

Thus far, the analogue switch off (ASO) in some parts of the country has had a devastating effect on the SABC platforms, with a massive loss of audience in the affected provinces. The audience drop also had and will have a negative effect on revenue generation.

The repurposed 24-hour news channel in African languages will primarily be on DTT. The ASO will also have an effect on the service's

capacity and ability to generate revenue, grow audiences and sustain itself. The loss could not be recovered as viewers will not be able to continue viewing their favourite channels on FTA analogue platforms. However, the challenge related to the unavailability of set-top boxes could prove to be a serious impediment to reclaiming this audience. And the competition, eMedia, is aggressively targeting this audience to subscribe to their cost-efficient decoders that offer alternative programming.

### Ongoing Loadshedding

Loadshedding intensified during 2022 and got even worse during the first part of 2023, a result of Eskom's deteriorating fleet of coal-fired power stations, issues with the acquisition of diesel and accusations of sabotage. By 5 October 2022, the average household had experienced 459 hours of loadshedding during the year. This is more than the combined hours for the previous eight years.

The CSIR indicates that Eskom will be short 2 001MW or more for 49 out of 52 weeks during 2023. Eskom has forecast that loadshedding will be part of our lives until at least 2027 and is likely to worsen over time.<sup>8</sup>

According to Intellidex analyst Peter Attard Montalto, loadshedding is likely to become worse before the new energy plan of President Cyril Ramaphosa starts to have any impact. Montalto said that stage 6 to stage 8 loadshedding should

be expected during 2023, and this has been the reality during the first five months.

He says that the country has adapted to the lower levels of loadshedding, but the persistently high stages are wreaking devastating long-term effects, impacting particularly on foreign investment. It has been estimated that loadshedding costs the economy between R150 million and R250 million a day.

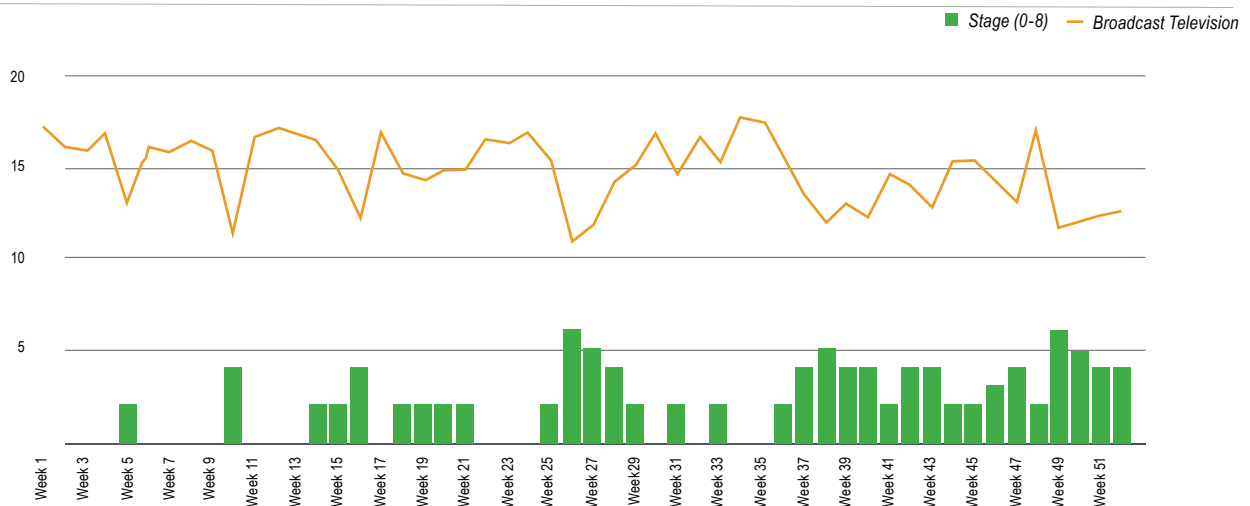
Iraj Abedian of Pan-African Investments and Research Services says that the silent economic costs of long-term loadshedding cannot be quantified. He also noted that the national gross investment figures have fallen to a fraction of what they should be, and what they were before 2008.

Senior economist at the Efficient Group, Dr Francois Stofberg, has estimated that as a result of Eskom's inefficiencies and the ongoing loadshedding the South African economy is 8% to 10% smaller than it could have been.<sup>9 10</sup>

The effects of loadshedding on any organisation that depends on technology and electronic devices are devastating. In the case of the SABC, it affects audience ratings as most of the consumers of SABC offerings are reliant on power to watch, listen and read our content. Assuming that the power crisis will persist for a foreseeable period, it will have a devastating effect on the performance and growth of the SABC.

**GRAPH: Day of the Week Viewing vs Loadshedding AMR%**

Wednesdays in 2022<sup>11</sup>.



It is worth comparing this with the previous year's data, which makes the impact even more evident.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO>

<sup>2</sup> <https://issuu.com/oecd.publishing/docs/south-africa-oecd-economic-outlook-projection-note>

<sup>3</sup> <https://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q3%202022.pdf>

<sup>4</sup> <https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html>

<sup>5</sup> <https://www.pwc.com/us/en/tech-effect/emerging-tech/demystifying-the-metaverse.html>

<sup>6</sup> <https://www.gov.za/speeches/president-cyril-ramaphosa-2022-state-nation-address-10-feb-2022-0000>

<sup>7</sup> <https://businesstech.co.za/news/government/650523/11-years-later-south-africa-is-finally-ready-to-switch-off-analogue-tv/>

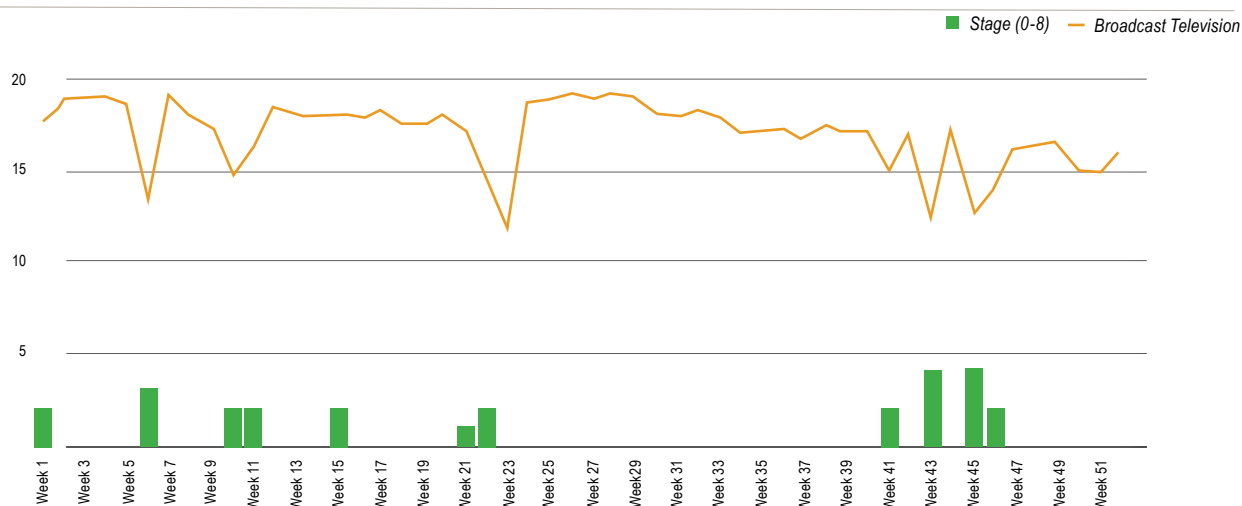
<sup>8</sup> <https://mg.co.za/news/2022-11-09-load-shedding-will-continue-until-2027/>

<sup>9</sup> <https://businesstech.co.za/news/energy/630667/south-africas-horror-year-of-load-shedding-heres-how-it-compares/>

<sup>10</sup> <https://www.engineeringnews.co.za/article/csir-statistics-underline-how-significantly-loadshedding-has-intensified-during-2022-2022-11-14>

<sup>11</sup> <https://dashboard-eu-iport.nielsen-iwatch.com/#live/20774ea4-2f38-4220-ab36-8ef972891419>

**GRAPH: Day of the Week Viewing vs Loadshedding AMR%**



In addition to loadshedding, there are frequent unscheduled power outages in most parts of the country.

The South African Broadcast Media Africa, a ratings agency, stated: "The broadcasting industry was already fighting to keep its head above water; with millions of TV households getting cut off from analogue to digital terrestrial television, TV ratings continue to drop because of Eskom's, South Africa's electricity supplier, debilitating electricity blackouts."

The SABC's broadcasting is also highly reliant on an uninterrupted supply of power, and loadshedding means high expenditure on diesel, amongst other additional costs. In addition to this, the aging nature of some of the equipment and infrastructure means these are less resilient and durable in prolonged periods of regular power interruptions.

### Audio Landscape

Radio remains a powerful medium for informing, educating and entertaining the nation. It reaches over 82% of the population over 15 years old across all provinces.

Research for the "Infinite Dial" Report,<sup>12</sup> released in February 2022, was conducted in the metropolitan areas of Nelson Mandela Bay, Mangaung, Tshwane, Ekurhuleni, Johannesburg, eThekweni, Cape Town and

Buffalo City and used information from people of 15 and over. It found that:

- 90% of the metro population owns a smartphone;
- 32% of the metro population owns a smart speaker. This was up from 12% in 2019;
- 69% of the metro population had listened to the radio in the week preceding the survey;
- Only 6% had no radio at all, while 90% had one to three radios, and 4% had four or more radios;
- Of those who'd listened to the radio, 64% listened on a non-radio device (up from 44% in 2019);
- 36% had downloaded an AM/FM Radio Station App (up from 10% in 2019);
- 61% had listened to online audio in the month preceding the survey (up from 39% in 2019), while 52% had listened to online audio in the week preceding the survey (up from 32% in 2019);
- As far as online listening goes, South Africa does not listen to the extent that those in the US, UK, Canada and Australia do;
- YouTube Music was by far the most known and listened to online brand over all ages;
- Radio is the major audio source used in cars, with 34% listening in the car through a mobile phone;

- 48% of the metro population were familiar with podcasts, although only 36% had actually listened to one and 26% had listened in the preceding month and 20% in the preceding week.

Radio continues to be the most important media source in South Africa, and is likely to remain so. This is particularly because radio can be broadcast in the many languages spoken in South Africa. Radio is freely available, and there are few barriers to access. South Africans grow up in an oral tradition, and radio is an ideal medium to reflect this.

### Economic Environment

The COVID-19 pandemic stalled economic growth for about two years. Pre-pandemic levels of Real GDP were reached in the first quarter of 2022, but GDP contracted by 0.7% in the second quarter, largely because of the widespread flooding in KwaZulu-Natal.

In the third quarter, there was a rise of 1.6%, largely on the back of the agricultural sector. This boosted the economy back above pre-COVID levels, and quarterly GDP in the third quarter was the highest it had ever been, exceeding the previous peak of R1 152 billion recorded in the fourth quarter of 2018.<sup>14</sup>

However, global economic growth is expected to slow sharply in 2023, as Russia's

war in the Ukraine continues, interest rates rise to counter inflation and China continues to battle the COVID pandemic there. The IMF is forecasting 2.7% global growth.<sup>15</sup> Other sources have an even more bleak outlook. However, most sources do not believe that there will be a global recession in 2023.

It is likely that in South Africa inflation will peak early in 2023. Food inflation, currently running at 12.8%, is set to remain high, and the costs of food, fuel and electricity are impacting the household budget of the average South African, greatly reducing their disposable income. High interest rates are also limiting consumer expenditure and are making company debt burdens harder to service.

As has already been outlined, loadshedding is set to continue for at least the next two years. No industrialised economy can grow or attract real investment if it does not have a reliable source of power. In addition, the fact that the military have had to be deployed to protect Eskom facilities from sabotage carries its own economic costs. The fact that other state-supplied services – such as water, road maintenance, rail transport – are still decaying makes doing business in South Africa difficult and costly.

### Market Analysis

The face of the media and entertainment business will continue to change in 2023. SVOD services have been available for 15 years and in the US these services have surpassed cable and broadcast TV. On-demand streaming has disrupted the consumption of video and the entertainment industry in general. This has had a significant impact on subscription TV services. Meanwhile, the streaming market is very competitive and profits are being squeezed. Ad-supported services with user-generated content (UGC) are becoming more popular.

It is the needs and desires of Generation Z (born between 1997 and 2015) that are causing the media and entertainment landscape to change and evolve. They are tech-savvy and often gravitate towards media that is more social and immersive. Media and entertainment companies need to pay attention to this cohort – maybe particularly in Africa where the youth market is burgeoning.

Streaming video, social media and gaming are at this point considered categories on their own, but as they move closer together, they may combine as platforms, demanding broader strategies, more robust partnerships and greater agility.<sup>16</sup>

### Demographic Factors

At the end of June 2022, it was estimated that the population of South Africa was 60.6 million people. Life expectancy has been measured as having increased to 62.8 years. In 2022, about 28.07% of the population is under 15 years, while about 9.2% are 60 years or older. There are approximately 27.5 million Generation Z (young people currently between 8 and 26 years old).<sup>17</sup>

About 16.10 million people live in Gauteng (26.6% of the population), with KZN running second at 19% (11.54 million people). The smallest share of people lives in the Northern Cape, which has a population of about 1.31 million people (2.2%).<sup>18</sup>

As regional population balances can change due to in-country migration, as well as immigration, SABC strategy needs to target markets at the regional level, taking cognizance of differences in language, culture, outlook and aspirations in different areas, and how these change.

### Languages

The mandate of the SABC as a public broadcaster, and broadcaster of news in particular, is to broadcast its programmes in all South African languages for diversity and universal access. The SABC's own Editorial Policy clause 6.13.5.1 states

that: "The SABC provides television news content in all official languages". S6(2) of the Constitution makes obligations for the elevation and advancement of indigenous languages.

The competition has realised the commercial viability of languages and will take the advantage. Soon after SABC News announced its intention to establish a multilingual 24-hour news channel, Primedia and Newzroom Afrika followed this strategy by announcing their own intention to launch similar platforms. The latter has been recruiting most of the editorial staff from the SABC News's isiZulu and isiXhosa desk, thus crippling one of the critical desks with the largest audience. There is a risk of alienating the 14 million currently watching SABC News bulletins and current affairs shows on FTA analogue platforms in African languages if the SABC is not able to recruit and retain News staff that is proficient in African languages.

### Unemployment

There are 40.3 million people of working age in South Africa, of which 16.8 million are not economically active, leaving a labour force of 23.5 million. The number of not economically active people increased by 210 000 in the third quarter of 2022, when compared to the second quarter. This was made up mainly of students. The official unemployment rate is 32.9%, while the expanded unemployment rate is 43.1%. The Western Cape has the lowest expanded unemployment rate (29.5%), while the Eastern Cape's rate is the highest, at 50.6%.

More than half of the population aged between 15 and 34 is not employed. About 3.5 million young people are not in employment, education or training. Black Africans are more likely not to be employed (36.8% are not), while Whites are still more likely to be employed (7.8% are not). And Black African women are still the most vulnerable members of society, with an unemployment rate of 39.1%.<sup>19</sup>

### Mid-year population estimates by population group and sex, 2022

Population group	Male		Female		Total	
	Number	% of total male population	Number	% of total female population	Number	% of total population
Black African	23 985 479	81	25 085 330	81	49 070 809	81
Coloured	2 601 932	8,8	2 737 987	8,8	5 339 919	8,8
Indian/Asian	794 882	2,7	760 114	2,5	1 554 996	2,6
White	2 242 589	7,6	2 396 679	7,7	4 639 268	7,7
<b>Total</b>	<b>29 624 882</b>	100.00	<b>30 980 110</b>	100	<b>60 604 992</b>	100

<sup>12</sup> <https://www.edisonresearch.com/wp-content/uploads/2022/02/Infinite-Dial-South-Africa-2022-Webinar.pdf>

<sup>13</sup> [https://www.kas.de/d/document\\_library/get\\_file?uuiid=8539373c-97de-35cc-c4f8-72c0b3dc2e8&groupId=252038](https://www.kas.de/d/document_library/get_file?uuiid=8539373c-97de-35cc-c4f8-72c0b3dc2e8&groupId=252038)

<sup>14</sup> <https://www.statssa.gov.za/?p=15991>

<sup>15</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

The future of the SABC lies in programmes that are geared towards and target young people, who constitute the SABC's future audience. However, the high unemployment among this segment is a risk to future sustainability. The bleak economic outlook is likely to suppress any future growth in audience ratings. This will affect future revenue growth as advertisers still rely heavily on audience ratings.

### Trade Flows

In November 2022, South Africa recorded a trade surplus of R7.98 billion. Exports had increased by 8.2% month-over-month, as a result of higher shipments of base metals, machinery and electronics, chemical products and vehicle and transport equipment. Top export partners were China (10.2% of overseas sales), the US (9.8%) and Germany (7.5%). Imports had decreased very slightly by 0.1%. The main import partners were China (20.2% of total purchases), India (8.9%) and Germany (7.7%).<sup>20</sup>

### Inflation

In December 2022, the annual consumer price index (CPI) had softened to 7.2%, lower than 7.4% and 7.6% in November and October respectively. Average annual inflation for 2022 was 6.9%. This is the highest annual average rate since 2009 (7.1%), which was at the end of the global financial crisis. At the end of 2021, the CPI was 4.5%.

Not including food and non-alcoholic beverages (NAB) and fuel, the CPI was 5.1%. This illustrates the impact that these two items have on overall inflation. The inflation on food and NAB products was 12.4% over 2022. Transport inflation for the period was 13.9%.<sup>21</sup>

### Competition

Competition to the SABC does not come only from other providers of traditional media such as radio and television. OTT has made inroads throughout Africa. The two major platforms are Netflix and Showmax, which is MultiChoice's OTT offering. Showmax has many original African productions and global sports coverage that pulls in viewers,

augmented by special deals with telecom providers.

In South Africa, 40% of the population plays mobile games. These are largely played on cell phones and are a major source of media entertainment. Mobile phones are also the most popular format for data consumption, which is growing fast in South Africa.

Over 16% of South Africans have participated in a "virtual world" in the last 12 months, and Africare, the first metaverse in Africa, was launched in 2021.<sup>22</sup>

Digital spend on E&M for 2023 is estimated to be 57.7% of the total E&M spend, with internet access making up 45.5% of total E&M spend. This would indicate that many South African consumers are currently satisfied with what they can get on the internet for free, and are not paying for additional E&M products.<sup>23</sup>

The OTT streaming (audio and video) service market is becoming increasingly fragmented. A problem related to this is a resurgence of pirating of content as the OTT service offerings are not wide enough to provide a single place to find something to watch. This offers an opportunity to traditional pay-TV operators. Anyone who offers a single platform where consumers can access all apps and more in one place can benefit from subscriptions, revenue shares from app providers and advertising fees.

According to PWC's entertainment and media outlook 2019-2023 report:

"Many smaller telecoms and media companies won't be swept up by this wave of consolidation and will seek to access scale via other means. National TV broadcasters will form and launch joint ventures aimed at offering more viable OTT video alternatives to Netflix, Amazon, YouTube and Facebook. Telcos and sub-scale pay-TV providers will go beyond partnering with Netflix to integrate a growing number of third-party OTT video apps into their bundles, platforms and billing capabilities. Meanwhile, various operators, media companies and OTT platforms will seek to harness the massive

momentum behind the smartphone market by launching mobile-centric bundles and services. The most compelling and disruptive opportunities will emerge at the intersections of these technologies".

### Environmental Factors

Issues like the catastrophic floods in KwaZulu-Natal in 2022, more major flooding in Gauteng later in the year and the heatwaves towards the end of the year are all acknowledged to be caused by global climate change. South Africa is warming at about twice the global average rate, making South Africa particularly vulnerable to climate change.

The adverse impacts of severe storms and tropical cyclones, long-term droughts and heatwaves will increase loss of life, injury and damage to infrastructure. No industry or person is going to escape unscathed unless urgent and meaningful mitigation is put into place soon.<sup>24</sup>

### Political Factors

The 55th National Conference of the ANC was held in December 2022. The conference's policy decisions will also serve as the first draft of the ANC's manifesto for the 2024 general elections. As the party tries to improve its electoral fortunes after the decline in support over the past years, there is an expectation of key policy changes. This could include the party's position on broadcasting, the future of the SABC, digital migration and other policies that could affect the SABC.

South Africans will go to the elections in less than 18 months, 30 years since the first democratic polls in 1994. Campaigning will be intense, as political parties battle it out to win the hearts and minds of South Africans for seats in the national and provincial assemblies.

The greater the electoral battles the higher the expectations and demand for coverage on SABC News and other platforms. The demands and expectations will be compounded by legal and other ethical requirements to provide equitable coverage for political parties contesting elections.

In terms of the ICASA 2021 regulations for elections broadcast and political advertisement, "Each BSL (Broadcasting Service Licence) will be expected to treat parties fairly... each BSL should be consistent in its treatment of contesting parties and conflicting views".

The SABC as a public broadcaster will be placed under intense scrutiny and expected to extend resources beyond the budgetary and financial limits. Limitation of resources, limited funding and other budgetary constraints could impact negatively on the degree of the SABC's coverage but are likely to be misconstrued as political bias and failure to provide equitable coverage. To the audience, this could also be misinterpreted as a failure to provide political options for the voters to make informed decisions.

The outcome of the elections is also a political uncertainty and could have a negative effect on the stability of public institutions such as SABC as the change of political executive authority has in the past affected the continuity and decision-making process at state-owned entities.

### **Socio-Cultural Factors**

Socio-cultural aspects of the South African environment dictate that a more refined focus on target markets should be used to penetrate and advance market power across industries. Understanding the nexus of lifestyle choices, geography, linguistic differences, norms and beliefs, internet usage and culture is the key to unlocking growth in emerging economies like South Africa. Like all other business endeavours, the communications, media and entertainment industries must be conscious of prevalent patterns in consumer behaviour in order to stimulate demand. The activities and products of the SABC are no exception, as industries require a complete menu of options in modern two-sided markets. In this regard, learning-by-doing and learning to innovate are viable conduits for a more durable and dynamic organisation.

### **Technological Factors**

Internet access in South Africa is achieved predominantly through mobile devices

(79%), while 20% of the market from web traffic is generated via laptops and desktops, with tablets and consoles trailing at 1.2% and 0.02% respectively.<sup>25</sup> About one in three South Africans use a smartphone. It is anticipated that smartphone users will increase by about 5 million over 2023.<sup>26</sup>

The progress of inevitable digitisation in a time of data management and protection priorities for public sector institutions, organisations and citizens has created a demand for a more dynamic view of technological services to overcome growing challenges. In general, technological advancement can be geared to product innovation and superior customer experiences. To this end, traditional media, entertainment and advertising services demand a more advanced view of methods to stimulate buy by reaching pertinent clients and end-of-line consumers with better products.

The SABC is in prime position to catch up to current South African market developments with digital migration while improving its data management endeavours through digitised repositories and more relevant client needs assessments. Offering new products under the Ad-venture banner suggests a deliberate effort to defend classic revenue and adapt to newer revenue streams.

Broadcasting is about technology and very costly technical resources, without which the Corporation does not have a business. The SABC's financial crisis poses serious risk to its ability to provide quality broadcasts. Unfortunately, the ability to provide these depends heavily on capex budget. Failure to upgrade or introduce new technology means that the SABC could lose its competitive edge and ability to provide quality news and other programming and interact with its audiences effectively.

### **Legislative and Regulatory Factors**

In June 2021, the SABC presented key submissions to the DCDT as input to the draft White Paper on Audio and Audio-visual Content Services. The submissions included the SABC's position that the current TV licence

fee system should be done away with, to be replaced by a device-independent, technology-neutral household levy. The SABC supports the White Paper proposal to do away with the Must Carry Regulation. The SABC also reiterated its opposition to the creation of a protected monopoly for Sentech. The SABC must be free to decide on the best platforms to use, without restriction.<sup>27</sup>

It is critical for the institution to keep abreast with developments in the regulatory framework impacting the business of the Corporation. The Corporation will achieve this through participating in the development of various proposed legislation and regulations impacting its business interests (from white paper development to bill enactment), to influence the law makers and regulatory bodies to cater for the SABC's requirements and business interests.

The Corporation will also continue to assert its rights and position in the broadcasting market through litigation and will challenge any monopolist and any third party's anti-competitive behaviours.

In view of inculcating the culture of pro-governance and compliance, the SABC will proactively run internal awareness campaigns on any new legislation and/or regulations impacting on SABC business. The SABC will share synergies with business units in identifying and advising on any grey areas and opportunities available for the SABC to explore.

It is fundamental for Legal Services to continue protecting the SABC's business interests by assisting with concluding written transactions through valid and compliant contracts; providing legal advice that is sound and affirmed by the courts of law, i.e. as and when tested; and managing litigation and legal costs thereof. To this end, litigation must be in support of strategic decisions and direction of the Corporation.

<sup>19</sup> <https://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q3%202022.pdf>

<sup>20</sup> <https://tradingeconomics.com/south-africa/balance-of-trade>

<sup>21</sup> <https://www.statssa.gov.za/?p=16049>

<sup>22</sup> <https://www.pwc.co.za/en/publications/entertainment-and-media-outlook.html>

<sup>23</sup> <https://www.pwc.co.za/en/assets/pdf/entertainment-and-media-outlook-2019-2023.pdf>

<sup>24</sup> <https://cer.org.za/news/if-we-dont-act-now-on-climate-change-this-is-what-life-in-south-africa-will-look-like>

<sup>25</sup> <https://www.statista.com/statistics/1229072/web-traffic-by-device-in-south-africa/>

<sup>26</sup> <https://www.statista.com/statistics/488376/forecast-of-smartphone-users-in-south-africa/>

<sup>27</sup> <https://www.sabc.co.za/sabc/media-statement-the-sabc-makes-presentation-on-the-draft-white-paper-on-audio-and-audiovisual-content-services/>



1. Mr Khathutshelo Mike Ramukumba  
Chairperson of the Board



2. Ms Nomvuyiso Batyi  
Deputy Chairperson of the Board



3. Dr Renee Horne



4. Ms Palesa Kadi



5. Ms Phathiswa Magopeni



6. Mr David Maimela



7. Ms Aifheli Makhwanya



8. Mr Dinkwanyane Kgalema Mohuba



9. Ms Magdalene Moonsamy



10. Ms Karabo Motaung



11. Adv Tseliso Thipanyane



12. Mr Mpho Tsedu



13. Mr Madoda Mxakwe  
Group Chief Executive Officer



14. Ms Yolande van Biljon  
Chief Financial Officer



15. Mr Ian Plaatjes  
Chief Operations Officer

SABC *Board*

## 6.2 Internal Environment

### Governance Structures

The SABC has a unitary Board structure, which comprises 12 non-executive directors (NED) and three executive directors, as per the Broadcasting Act No. 4 of 1999, as amended. The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC be governed and controlled in accordance with the 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, in consultation with the Minister of Communications and Digital Technologies.

The Honourable State President appointed the new Board on the 18th of April 2023, which resulted in a fully quorate and functional Board. The term of the current Board will expire in 2027.

### DIRECTORS

#### 1. Mr Khathutshelo Mike Ramukumba

(Male; aged 43)

##### Chairperson of the Board

Khathutshelo Ramukumba is Vice Principal: Finance and Business Enterprise/Chief Financial Officer of UNISA. Prior to that he was the CFO of the South African Post Office, CEO of CHIETA (Chemical Industry Sector Education Training Authority), and CFO and CEO of the National Youth Development Agency. Prior to this, he held various senior internal audit management roles at Rand Water. He is currently Audit Committee member at Mpumalanga Provincial Treasury, Audit Committee member and Chairperson at the Mpumalanga Provincial Legislature and Member of the Northwest Provincial Government Audit Committee. He has also been a member of the audit committees for Limpopo Provincial Government, Sekhukhune District Municipality, Unisa Enterprise, and the Youth Development Institute of South Africa (YDISA). He was chairman of the board

of the Ekurhuleni Development Agency, a member of the board of YDISA, and served as an ex-officio member of the NYDA board.

Mr. Ramukumba is a chartered accountant. He holds an MBA from Henley Business School and is currently completing his PhD through the University of Pretoria.

#### 2. Ms Nomvuyiso Batyi (Female; aged 47)

##### Deputy Chairperson of the Board

Ms Nomvuyiso Batyi is the Chief Executive Officer of the newly established Association of Communications and Technology. Prior to this, she was at the Film and Publication Board (FPB) as the Interim Chief Executive Officer. She previously held the position of Head: Presidential Commission: 4IR Programme Management Office at the DCTD. She led the COVID-19 Response Project Management Office for the Communications and Digital Technologies sector and sub-sectors. Before this she served as the Acting Director General DCDT, then Department of Communications (DoC), until it was merged with the Department of Telecommunications and Postal Services (DTPS) to create the new Department of Communications and Digital Technologies (DCDT). Besides serving as the accounting officer for the DoC, in her capacity as acting director general she led the National Macro Organisation of Government (NMOG) process of the department. Ms Batyi worked at Primedia Broadcasting as Executive: Human Capital and Regulatory Affairs. Prior to serving two terms as an executive board member at ICASA, she was also the Acting Senior Manager: Policy Analysis and Development and Manager: Competition for ICASA, having cut her teeth as an investigator for the Competition Commission of South Africa.

Ms Batyi holds a Master of Business Leadership (MBL) from the University of South Africa, a BProc and LLB degrees from the University of Fort Hare.

#### 3. Dr Renee Horne (Female; aged 49)

With more than fifteen years' experience as

an award-winning political journalist, war correspondent, editor and political economist, Dr Horne has been acknowledged by government, business and academics as an expert political economist and journalist on Sub Saharan Africa and the Middle East. She has advised international governments, media and business on the political and economic policies of a number of African countries and has worked extensively all over the world. Dr Horne has worked with institutions such as Transparency International, Delta Economics, Royal Africa Society, Exclusive Analysis, Royal United Services Institute, BBC, SKY, ITV, SABC and the World Entrepreneur Society and has interviewed many high-profile personalities. Since 1994, Dr Horne has been a course designer, facilitator and guest speaker on Global Business, Political Economy and International Relations in Africa and the Middle East at numerous institutions such as the School of Oriental and African Studies (SOAS), University of London, the University of KwaZulu-Natal, Rhodes and Johannesburg University, John Hopkins University, Centre for Strategic and International Studies (CSIS). Dr Horne was the Principal to Nex Rubica Capital (Africa Division), an international company based in London. She was also the Wits Business School MBA Director and International Relations Director, Head of the Gordon Institute of Business Science (GIBS) Broad-Based Black Economic Empowerment (BBBEE) Unit. She has recently founded and designed the South African Supplier Diversity Council Academy International Leadership Executive Development Programme.

Dr Horne holds a BA (Law), BA (Honours): International Relations, and MA (Politics): South African Politics from UKZN, and an MSc (International Politics) and a PhD (Political Economy) from the University of London.

#### 4. Ms Palesa Kadi (Female; aged 43)

Ms Palesa Kadi is Chairperson of the South African Geographical Names Council at the Department of Sports, Arts and Culture. She is an advisory member of the Women in Technology in Africa (WiT) group and the

Composition of the  
*Board*

chairperson of the United Nations Group of Experts Geographical Names – Dutch and German-speaking countries. Formerly, she was part-time for the Broadcasting Complaints Commission of South Africa Commissioner. Ms Kadi has worked as a media activist, researcher and regulator in the broadcasting and telecommunications space. She served as a councillor at ICASA. She currently serves as a non-executive director for the National Housing and Finance Corporation and as a council member of the Tshwane North TVET College. She has also served on a number of other boards, including the Calabash Trust, a community tourism initiative in Nelson Mandela Bay; the Eastern Province Cricket Board; the Alliance France Management Board; Commonwealth Youth Advisory board; and the Media Development and Diversity Agency board. Ms Kadi continues to champion the development of regulations, governance and women empowerment in the broadcasting and telecommunications sector.

Ms Kadi holds BA, BA Hons in Political Studies and Comparative Economic Systems, a Post Graduate Diploma in Management, MA degree, and is a PhD candidate in Development Studies.

#### 5. Ms Phathiswa Magopeni (Female; aged 53)

Ms Phathiswa Magopeni is the chief operations officer at Bhekisisa Centre for Health Journalism; chair of the PBS Committee, a Menell/Duke University Media fellow and Bloomberg Media Initiative Africa fellow, a member of the World Editors Forum, a council member of the South African National Editors Forum and chairs the forum's Education and Training Committee. She has over two decades of strategic, operational and editorial leadership experience in the media sector, with expertise in multimedia broadcasting. She has held executive management and editorial leadership roles, including editor-in-chief and group executive for SABC News and Current Affairs, acting

SABC group executive for Television, and head of Terrestrial News Services at eNCA.

Ms Magopeni holds BA, BA Hons, and MPhil ed. Degrees from the University of the Western Cape, Integrated Marketing Communications HDip from the AAA School of Advertising, a PGDip in Business Studies, and an MBA (GIBS, University of Pretoria). She has lectured at the University of the Western Cape and the University of Cape Town.

#### 6. Mr David Maimela (Male; aged 41)

Mr Maimela is a public policy manager, thinker and strategist with specialisations in politics, governance, international relations and foreign policy. He has more than 14 years' experience as a professional, straddling the public, research and academic, civil society and consultancy sectors. In his previous work he served as Chief of Staff: Office of the Commissioner at the Competition Commission SA; Researcher: Political Economy Faculty at MISTRA and as Deputy Director: Policy and Governance, Office of the Premier, Gauteng; and Head of Office (Chief of Staff): Office of the MEC, Gauteng Health. He is a member of council at the University of Limpopo, board member of the Gauteng Growth and Development Agency, as well as MEGA in Mpumalanga. He was formerly a trustee of the SABC Medical Aid Scheme. David is Director: Executive Support for the principal and vice-chancellor of UNISA. He is recognised as a member of the Mapungubwe Society of Researchers (MMSR).

He received his MA (Politics) cum laude from the University of Johannesburg.

#### 7. Ms Aifheli Makhwanya (Female; aged 42)

Ms Makhwanya has 19 years' experience in research, legal, management roles in the public sector and as a consultant/researcher in the cultural and creative industries. In these roles, Aifheli gained wide experience, including in policy and research, arts, marketing and governance and strategy development. She has served as a member

of ICASA's Consumer Advisory Panel and on the Department of Sport, Arts and Culture's Funding Appeals Committee. She is a member of the Council of the Market Theatre Foundation.

She is a University of the Witwatersrand alumnus, having graduated with Bachelor of Laws, Master of Laws and Master of Arts degrees, and holds a number of management advancement and legal certificates and diplomas from various universities.

#### 8. Mr Dinkwanyane Kgalema Mohuba (Male; aged 57)

Mr Mohuba is currently a non-executive director of PRASA and served as the Executive Director: Marketing and Communications. He was acting dean of student affairs at the University of Limpopo from February 2017 to November 2018. He has served on the governance and management structures of the Council, Audit Committee of Council, Risk Management Committee, Senate, Executive Management Committee (EMC) and the Executive Committee Senate (ECS). He served as Director of Endecon Ubuntu (Pty) Ltd for ten years and was also Chairperson: Board of Trustees for the Mpumalanga Department of Agriculture, the IDC and the UL Nguni Cattle Development Project. He was recently appointed by the City of Johannesburg to serve as a board member of the Johannesburg Social Housing Company's (JOSHCO) Development Committee. Mr Mohuba has a passion for community development programmes and has an excellent track record of serving two terms (six years) as chairperson of the School Governing Body at Pietersburg English Medium Primary School in Polokwane.

His qualifications include BA Paed, B.Ed (UNIN now UL); Management Development Programme (Unisa SBL); Higher Education and Leadership and Management (Wits School of Governance); Executive Management Programme (Turfloop Graduate School of Leadership, UL); Executive Development Programme (University of Stellenbosch Busi-

ness School); Master of Business Administration (Regenesys Business School); Certificate in Theology and Diploma in Ministries (Teamwork Bible College International). Mr Mohuba is Chartered Public Relations Practitioner (CPRP) of Public Relations Institute of Southern Africa (PRISA) and also an Individual Member of both the Institute of Directors South Africa (IODSA) and The Business Ethics Network of Africa (BEN-Africa).

#### **9. Ms Magdalene Moonsamy** (Female; aged 44)

Ms Moonsamy is an admitted attorney of the High Court, a sole proprietor at Magdalene Moonsamy Attorneys, founder of the Women's Justice Foundation, a former member of parliament, former COO of the NYDA, the Special Advisor: Legal to the Minister of Defence, and international human rights activist. She served as chief jurist at the US Tribunal for Black, Brown and Indigenous people, and was a former board member at Iziko Museums. She has worked and been active in numerous solidarity movements and continues to provide service to her country. She is an activist and has served a lengthy period of her life in leadership roles in politics. She is also a lecturer at LEAD in drafting of contracts and the deputy chairperson for the African Peer Review Mechanism.

She graduated from UKZN with an LLB and has acquired further qualifications

#### **10. Ms Karabo Motaung** (Female; aged 34)

Ms Motaung is principal analyst in the Advocacy and Stakeholder Relations Division at the Competition Commission. Karabo Motaung joined the Competition Commission in 2013 and has worked in the Economic Policy and Research Division, the Enforcement and Exemptions Division as well as the Cartels Division.

Karabo is an economist by training and has extensive experience in competition and economic regulation. She holds a B.Com Honours Degree in Economics from Rhodes University, a Post Graduate Certificate in

Competition Law from the University of Witwatersrand and a Masters Degree in Competition Law and Economic Regulation from the University of Johannesburg.

#### **11. Adv Tseliso Thipanyane** (Male; aged 60)

Adv Thipanyane is the chairperson of the Southern African Institute for Responsive and Accountable Governance (SAIRG), former chief executive officer of the South African Human Rights Commission (SAHRC), and former chief executive officer of the Safer South Africa Foundation. He spent over 13 years in the SAHRC as head of research, mainly responsible for the monitoring of economic and social rights and access to information rights, before becoming the chief executive officer. He is a former researcher on criminal justice at the University of KwaZulu-Natal and former law lecturer at the University of the Western Cape (criminal procedure), Columbia University Law School, New York (African Human Rights Systems), and Ramapo College of New Jersey (African Politics and Human Rights). He has written numerous publications on human rights issues and has presented conference papers in over twenty countries in Africa, Europe, America and Asia. He was admitted as an advocate of the High Court of Lesotho and South Africa and has served on the project committee on child justice of the then SA Law Commission. He was a member of the Executive Committee of the Council for the Advancement of South Africa's Constitution (CASAC), and a former board member of the Open Democracy Advice Centre (ODAC).

He has BSc, LL.B, LL.M (Constitutional litigation) and LL.M (Corporate law) qualifications.

#### **12. Mr Mpho Tsedu** (Male; aged 50)

Mr Tsedu is a highly accomplished senior executive with over 25 years of extensive experience in the journalism, media, communications and marketing industries. Having worked at the SABC as a presenter for both radio and television, Mr Tsedu also served as HoD for Business Leadership South Africa,

policy advisor at the Department of Communications and Digital Technologies, and is part of the BRICS Research Forum, as he currently leads the Institute of Foreign Affairs.

Tsedu has a diverse educational background with academic qualifications in diplomacy, political science, international politics and international relations, providing him with a unique perspective on global affairs and trends. At the moment, he is pursuing an MBA and while completing his PhD, demonstrating his commitment to continued learning and professional development. He is equipped with a broad range of skills, including strategic planning, crisis management, stakeholder engagement and effective communication techniques.

### **EXECUTIVE MEMBERS OF THE BOARD**

#### **13. Mr Madoda Mxakwe** (Male; aged 49)

##### **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 Mxakwe is the Group Chief Executive Officer 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. Prior to joining the SABC, he was Nestle's Country Head responsible for Mo-

Zimbabwe, 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.

#### 14. Ms Yolande van Biljon (Female; aged 52)

##### 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 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 the 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, in seven years she contributed to the transformation of Denel Dynamics from an organisation that was faced with insurmountable sustainability challenges to being able to tick off all indicators of medium to long-term sustainability including, among others, industry acceptable financial results, strong internal controls, exceptional client relations and a healthy order book.

Following the completion of her articles, she had a brief stint at a Private Investment Bank in London.

#### 15. Mr Ian Plaatjes (Male; aged 57)

##### Chief Operations Officer (COO)

Appointed on 1 November 2019

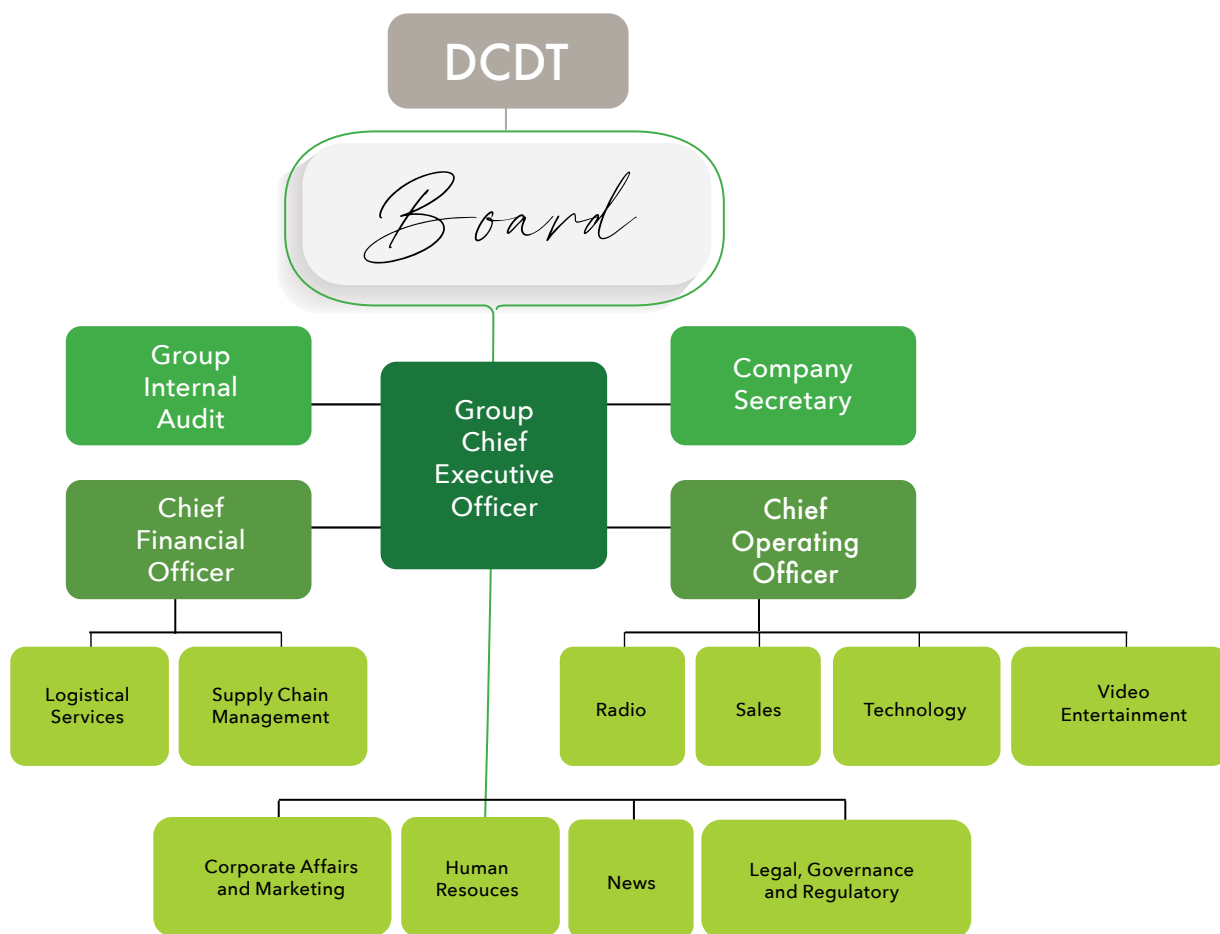
MBA, BA, HDip Management Practice (Nelson Mandela University); Diploma in Electronics (Telkom Technical College: Port Elizabeth); Diploma in Project Management (Newport University).

Mr Plaatjes has more than 30 years' experience in various industries, including telecommunications, mining, banking and the financial services' sector. Prior to joining the SABC, Mr Plaatjes held the position of Chief Digital Officer at the South African Bureau of Standards (SABS). Previously, Mr Plaatjes held the senior executive positions of Group Chief Information Officer (GCIO) at SBV and Chief Operating Officer (COO) for Absa Group Payments, respectively.

TABLE: Committees of the Board and their Membership

Members	Audit and Risk	Finance, Investment and Procurement	HR and Remuneration	PBS	PCS	Social and Ethics	Governance and Nomination	Digital Technology	News and Editorial	Total
Mr Khathutshelo Mike Ramukumba							C			1
Ms Nomvuyiso Batyi		M					D/C	C		3
Dr Renee Horne	M	C							M	3
Ms Palesa Kadi	C		M						D/C	3
Ms Phathiswa Magopeni	D/C			C				D/C		3
Mr David Maimela					C			M	M	3
Ms Aifheli Makhwanya					D/C	M	M			3
Mr Dinkwanyane Kgalema Mohuba			C	D/C				M		3
Ms Magdalene Moonsamy			D/C	M		D/C				3
Ms Karabo Motaung		D/C			M	M				3
Adv Tseliso Thipanyane			M			C	M			3
Mr Mpho Tsedu		M		M					C	3

C - Chairperson; D/C - Deputy Chairperson and M - Member



### SABC Divisional and Regional Core Responsibilities

**Group Services:** Responsible for professional functional services at the SABC, e.g. Human Resources, Legal, Governance and Regulatory, Corporate Affairs and Marketing, Finance and the Office of the GCEO.

**News and Current Affairs:** Responsible for producing and broadcasting news and related products to ensure the South-African public is kept informed.

**Video Entertainment:** Producing and airing on-air products on a variety of platforms.

**Radio:** Entertaining, educating and informing the South-African public across the country.

**Sales:** Generating revenue by selling integrated value-add and offerings across all SABC platforms.

**Regional offices:** Responsible for regional broadcasts, business operations and stakeholder relations in the various regions of the country.

**Technology:** Responsible for ensuring an appropriate and reliable technology infrastructure for the production and delivery of broadcast programming, digital media content, and supporting commercial revenue generation.

## Organisational

# Structure

Note: Functionally Internal Audit and the Company Secretary reports to the SABC Board and administratively to the GCEO

The SABC's bouquet of offerings includes 18 radio stations, five television channels and a digital media offering. A nineteenth radio station (Channel Africa) is managed by the SABC on behalf of the Department of Communications and Digital Technologies. Sometimes, after servicing all its internal obligations, the SABC has a surplus of its outside broadcasting (OB) facilities, in-house studio facilities, in-house creative RAP studios and event venues, which it rents to the public for additional revenue generation.

## Radio Stations

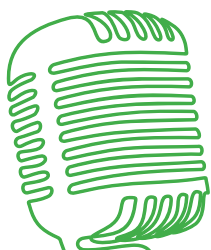
To many who have limited access to information technology and other more advanced media platforms, radio remains a critical source of information, current affairs and entertainment. SABC Radio reaches 27.1 million listeners (all adults 15 years and older) in all 11 official languages in South Africa. The PBS portfolio reaches 24.5 million (including xkfm), while PCS radio reaches 6.1 million listeners in an average week.

The SABC's radio stations continue to serve this large section of the South African population and the PBS radio stations remain a vital platform for delivering the Corporation's public service mandate. SABC's radio stations are also available via live streaming from their respective websites and social media spaces, as well as on the DStv audio bouquet. Podcasting also remains a popular choice, with listeners wanting to catch up on episodes of their favourite radio shows. The radio station are:



Audience: 1 195 000 –  
past 7 days

Ikwekwezi FM provides relevant information that caters to the needs and tastes of the isiNdebele speaking community. It is acknowledged by its listeners as their primary source of news and information.



SABC

# Offerings



Audience: 3 735 000 –  
past 7 days

Lesedi FM caters for the Sesotho speaking community. It is a needs-driven participatory radio station that provides programming that touches on issues that have a direct bearing on the development of its listeners



Audience: 1 272 000 –  
past 7 days

Ligwalagwala FM seeks to reflect a more urban and aspirational lifestyle. It prides itself on being an upbeat radio station that speaks to young, motivated, upwardly mobile, black, siSwati-speaking people.



Audience: 254 000 – past  
7 days

Lotus FM's target market is the South African Indian community. The station caters for an audience of both young and old, and broadcasts mainly in English and languages of Indian origin. Lotus FM offers an engaging mix of information, education and entertainment-driven programmes that serve to reflect the strong value system of our dynamic audience whilst promoting a proudly South African radio brand within the context of "total citizens empowerment".



Audience: 3 108 000 –  
past 7 days

Motsweding FM's core philosophy is personal empowerment and development of its listeners. It is an aspirational station that embodies the ambitions of being worldly and cosmopolitan. It broadcasts in Setswana from Mafikeng and its listeners depend on the station as their source of education and entertainment. Motsweding FM has a massive spillover listenership in Botswana.



Audience: 1 440 000 –  
past 7 days

Munghana Lonene FM broadcasts in xiTsonga and supports the aspirations of its listeners, whilst ensuring contemporary norms and values. The station places much emphasis on listener participation, and actively seeks expert opinion, commentary and advice on various topical issues.



Audience: 1 122 000 –  
past 7 days

Phalaphala FM's programming philosophy is underpinned by a desire to inspire its listeners, especially women and emerging entrepreneurs. Listeners are given a platform to share knowledge and expertise across a range of subjects and issues. The station broadcasts from Polokwane in Tshivenda.



Audience: 1 710 000 –  
past 7 days

Radio 2000 is a facility national radio station that broadcasts mainly in English. It reflects and unites South Africa's diverse cultures with the intent of strengthening democracy and nation building through lifestyle programming, ball-by-ball sports commentary and covering events of national importance. Radio 2000 provides content that is high quality and engages audiences in healthy discussion and debate on a wide range of subjects, to empower and uplift the citizens of South Africa.



Audience: 1 287 000 –  
past 7 days

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



Audience: 552 000 –  
past 7 days

SAfm aims to deliver credible, up-to-the-minute news and talk, alongside relevant, informed analysis of current affairs. In accordance with its PBS mandate, SAfm also explores broader themes and subjects relevant to its target market and delivers the information in a manner that benefits 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 informed.



Audience: 262 000 –  
past 7 days

Thobela FM dedicates its programming to promoting the personal growth of its listeners, modernisation of culture and enhancing economic development within their communities. The station broadcasts in Northern Sotho (Sepedi).



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



Ukhozi FM is the nation's largest radio station. It focuses on edutainment and is guided by a philosophy that prioritises upliftment, personal growth and development. Broadcasting in isiZulu, Ukhozi FM is a leading PBS station with an audience of over 7 million, which provides it with huge advertising appeal.



Umhlobo Wenene FM broadcasts in isiXhosa and seeks to serve its listeners with honour and integrity by continuously providing global entertainment, education and information that inspires a culture of personal growth and development.



XK FM targets the San people of Platfontein in the Northern Cape. This community consists of the !Xu who make up 64% of listeners, and the Khwe, who fall into SEM 1-6 and make up the other 36%. The station currently plays a critical role in preserving some of the oldest indigenous languages and cultures in Africa.



5FM is a national youth radio station that transcends race and socio-economic background. The station offers its listeners only the most popular contemporary music and entertainment. With its significant social media presence, 5FM is no doubt a station of the future. Daring to walk on the wild side, the station inspires personal development while encouraging freedom of expression.



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



METRO FM has a strong influence on youthful urban adults who embrace a pragmatic and successful lifestyle. It is the largest commercial station in South Africa, with a listenership of more than 4 million. Though primarily a music station, METRO FM also delivers credible and unbiased news reporting that keeps its listeners involved and informed.

### Commemoration of Days of National Importance

South Africa has 12 public holidays as determined by the Public Holidays Act (Act No 36 of 1994). The Act determines whenever any public holiday falls on a Sunday, the Monday following on it shall be a public holiday.

SABC Radio continues to apply a thematic approach towards celebrating days of national importance through on-air content execution and on-the ground event activations where applicable.

SABC Radio continues to adhere to its public broadcasting mandate as well as other organisational goals, such as broadcasting programmes that support social cohesion, nation building, promotion of democracy and empowerment of citizens. During the first quarter, these themes were covered and observed by utilising a variety of public service programming genres, fusing drama, talk-back show formats, pre-recorded inserts, interviews, and magazine programmes.

Broadcast National Days refers to public holidays observed or commemorated on the following days:

- 21 March: Human Rights Day
- 27 April: Freedom Day
- 1 May: Workers Day
- 16 June: Youth Day

- 9 August: Women's Day
- 24 September: Heritage Day
- 16 December: Day of Reconciliation

Radio stations also identify suitable charities / community development projects and partner with entities and NGOs to assist communities through various CSI projects and initiatives. These initiatives are always amplified on Mandela Day, on which all stations support 67 Minutes of Goodwill projects across all provinces

SABC Radio has embraced the digital revolution and uses its digital and social media platforms as new opportunities to extend its reach and to expand its content lifespan. SABC radio understands that "content is King", and thus packages content for consumption through different digital platforms and successfully uses these platforms as a powerful audio/visual extension of the radio brands. SABC Radio's digital content is tailor-made to add depth and to complement the radio experience while supporting various marketing activities. With the launch of SABC+, Radio's focus will shift towards "digital first" content production to ensure the portfolio continues to deliver compelling content for audiences to enjoy and to create new revenue opportunities.

Over the past few years, SABC Radio has built a compelling podcast offering that continues to grow. The award-winning radio drama podcasts remain extremely popular with audiences. Similarly, some of the SABC's radio brands have a considerable existence on major video content distributors such as YouTube. SABC Radio live streaming remains a tactical instrument to reach a mobile audience who access radio through their mobile and digital devices, as well as expatriates who want to keep a connection with home.

SABC Radio intends to continue investing in digital platforms to enhance the online content offering, accessibility and customer experience while keeping diverse customers (different socio-economic measures) in mind. SABC Radio aims, therefore, to offer niche digital content to its consumers, ranging from the low-end device to high-end devices. This will be achieved by building strategic and mutually beneficial partnerships with both developing and leading digital content distributors to continue to expand the reach and distribute the SABC's unique content as widely as possible.

## Video Entertainment Platforms

Television remains the medium of choice for most South Africans. The public broadcaster's five television channels attract, on average, 26.6 million South African adults (15+) in a typical month. SABC Video Entertainment platforms oversees five linear channels as well as digital platforms. The channels SABC1, SABC2, S3, SABC Education and SABC Sport are broadcast as free-to-air through analogue signal, due to switch off in March 2023. The SABC linear channels are also carried on DTH platforms within the country as well as being streamed on SABC+.

**SABC 1**  
Mzansi fo sho

The average daily audience reach is 9 309 669 (source: Arianna).

SABC1 is a full spectrum, general entertainment 24-hour reactive, free-to-air channel that speaks to youthful South Africans between the ages of 16 to 34, with an epicentre of 24 year olds. This current audience profile for the channel is primarily Black and speaks mainly Nguni and the Nguni minority languages.

The channel represents the fibre of youthful South Africans and is in tune with the latest trends and entertainment, reflecting their interests, passion and aspirations. The channel broadcasts a compelling mix of strong local drama content, reality and popular general entertainment.

SABC1 commands the highest audience share in primetime in South Africa, entertaining the country with strong, compelling local content and keeping them informed with relevant current Affairs and News content.

**SABC 2**  
you belong.

It has a daily average audience reach of 5 315 460 (source: Arianna).

SABC2 is a full spectrum, 24-hour, general entertainment reactive free-to-air channel, defined by a focus on the South African "family". It broadcasts primarily in Afrikaans and the Sotho language groups, including the minority languages, mainly from Limpopo. SABC2 is the place where people come together to celebrate shared values and experiences, and re-live and reflect on our cultures. It is a mirror to our past and a reflection on our present realities. The channel is aimed at 30- to 50-year-olds, with an epicentre of 35 and the emphasis on family references any tight-knit group of individuals, whether those ties are based on blood, affinity or co-residence. Customs and traditions are very important to this audience, but they remain committed to diversity, tolerance and building each other up. SABC2 promotes social cohesion and nation building.

Coverage via the terrestrial transmitter network covers 72% of the viewers due to analogue switch off, and the channel is also available via satellite on DStv, Starsat Openview and SABC+.

**SABC 3**  
OPEN UP

It has a daily average audience reach of 2 914 579 (source: Arianna).

S3 is a full spectrum, 24-hour generalist, free-to-air channel showcasing the various shades of the South African millennial story, from reality to aspiration. S3 is the fifth-largest channel in South Africa, positioned to deliver programming that is chic, fresh, elegant, has high production values, is relatable and highly entertaining. Its audience is the Progressive Millennials aged 25 to 39 (epicentre at 30) and found in the SEM 6-8 groups. Predominantly located in urban areas and passionate about contemporary socio-economic

and political issues, this set of audiences are constantly looking at ways of improving their lives and those of the rest of the country. S3 has the smallest network footprint, with a coverage via the terrestrial transmitter network covering 82.1% of viewers mainly in metropolitan areas. The channel is also available via satellite on the DStv platform.

**SABC EDUCATION**

The average daily reach is 70 956.

SABC Education was launched in May 2020 in response to the impact of COVID-19 on South African learners. SABC Education is a 24-hour, non-reactive learning channel that delivers formal curriculum-based content, informal knowledge-building and basic education. The channel is targeted at learners and the public seeking formal and informal knowledge. The channel is carried on DTT and streams on SABC+.

**SABC SPORT**  
For the love of the game

The average daily reach is 701 655.

SABCSPORT has been a cornerstone of the SABC broadcast experience for years, keeping South African sports fans informed and entertained with live sport and magazine shows carried on SABC 1, 2 and 3, where viewing figures dwarf those of local competitor SuperSport. The 24/7 SABC Sport Channel was first launched in 2021 on the DTT platform, and then on the eMedia Openview and currently streams on SABC+.

**SABC NEWS**  
Independent. Impassioned.

The average daily reach is 962 275.

SABC News has been broadcasting on DStv Channel 404 since 1 August 2013, and on DTT since 2015. The channel offers continuous news coverage, updates and current affairs, keeping its audiences in South Africa and the continent informed on local and international developments. It is a seamless fusion of journalism, current affairs and magazine programming, providing live coverage for up to 18 hours per day. The channel broadcasts in English and boasts a wide Pan African reach. In its eighth year, the channel is the second most viewed satellite news channel in South Africa. The channel carriage licence agreement expires in September 2023 and is subject to commercial negotiations between the SABC and Multichoice Africa.

Source: BRC TAMS Reach and Frequency Analysis GY 21/22



South African rap phenom, Sho Madjozi, makes an appearance on the 13th season of SABC2's educational show 'Thakalani Sesame'.

**The Human Resources (HR) Division plays a critical role in supporting the corporate strategy, in that HR provides an enabling environment, serves as an enabler of people development and ensures that its processes and procedures sufficiently motivate staff so that they can deliver on operational requirements.**

The HR Division, through various initiatives, will ensure that employees are actively engaged and contribute to the refinement of its service offering, thus positioning the SABC for success in achieving its mandate.

The division does this by:

- Delivering business results through an integrated people-centred strategy that supports employees by providing training and development opportunities;
- Attracting high-performance and suitably qualified candidates who are fit for purpose;
- Utilising a pay-for-performance remuneration structure, which ensures that key and top talent is retained at the SABC; and

- Ensuring that exceptional performance and potential remains a key yardstick by which performance, and ultimately succession planning and talent management, is measured, although it is recognised that there are other factors that assist in determining the suitability of the targeted employees.

Underpinned by the SABC's core values, the organisation strives to position itself as an employer of choice. Broadly, the SABC:

- Offers a rich, rewarding and fulfilling career for its employees;
- Embraces diversity in its employees by creating an environment that allows for inclusivity, thereby increasing the levels of employee engagement;
- Offers support and assistance to staff to improve their skills, qualifications and expertise;
- Offers a unique mandate that is appealing to its employees and ensures that they remain engaged at all times;
- Has employees who are skilled, vibrant and dynamic and go beyond the call of duty for their clients;

- Ensures that the wellbeing of its staff is taken care of and that there are employee-friendly HR policies; and
- Provides an enabling environment for its employees to thrive in their jobs.

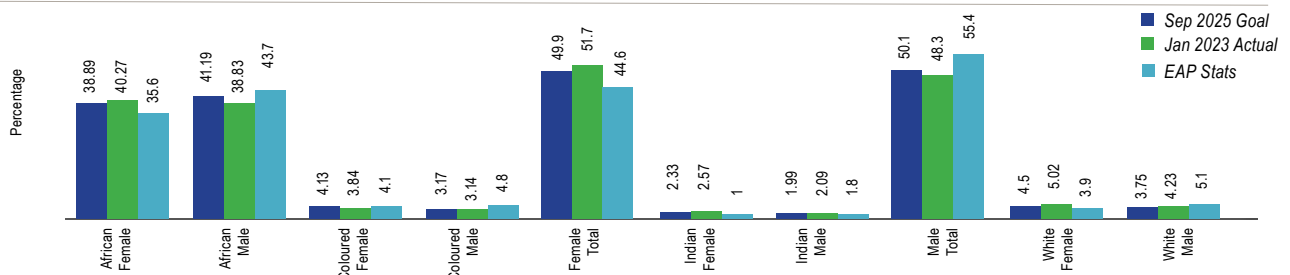
### Human Resources Capacity

The SABC currently has a headcount of 2 311, with approximately 296 core (and 500 in total) vacancies in the process of being filled. To ensure effective attraction of talent, the SABC has created more platforms for positions to be advertised. The SABC turnover rate is currently at 6% of which 3% is voluntary terminations. The SABC has successfully reduced its compensation bill from R2.25 billion to R1.91 billion.

### Employment Equity Profile

The SABC transformation programme is progressing well. The SABC has a strong employment equity profile, when measured against the economically active population (EAP) of the country. The graph below gives an indication of how the SABC compares to EAP.

**GRAPH: Employment Equity Progress against 2025 Goals**



**Headcount by Occupational Level at 31 January 2023**

EE Occupation Level	Values	Male					Female					Grand Total
		African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	
Top Management (110/115)	Number	6	1	1	-	8	3	-	-	1	4	12
	%	50	8.33%	8.33	-	66.67	25	-	-	8.33	33.33	100
Senior Management (120)	Number	10	1	-	2	13	9	-	-	1	10	23
	%	43.48	4.35	-	8.7	56.52	39.13	-	-	4.35	43.48	100
Prof Qualified, Exp Spec and Mid Man (Scale 125/130/200/300)	Number	201	19	27	49	296	212	17	20	50	299	595
	%	33.78	3.19	4.54	8.24	49.75	35.63	2.86	3.36	8.4	50.26	100
Skilled Technical and Academ Qualified (Scale 401/402/403/404)	Number	562	49	19	44	674	603	63	37	60	763	1 437
	%	39.11	3.41	1.32	3.06	46.9	41.96	4.38	2.57	4.18	53.1	100
Semi-Skilled and Descret Decision Making (Scale 405/406/407/408)	Number	111	2	1	2	116	96	8	2	3	109	225
	%	49.33	0.89	0.44	0.89	51.56	42.67	3.56	0.89	1.33	48.44	100
<b>Total Number</b>		<b>890</b>	<b>72</b>	<b>48</b>	<b>97</b>	<b>1 107</b>	<b>923</b>	<b>88</b>	<b>59</b>	<b>115</b>	<b>1 185</b>	<b>2 292</b>
<b>Total %</b>		<b>38.83</b>	<b>3.14</b>	<b>2.09</b>	<b>4.23</b>	<b>48.3</b>	<b>40.27</b>	<b>3.84</b>	<b>2.57</b>	<b>5.02</b>	<b>51.7</b>	<b>100</b>
<b>EAP</b>		<b>43.7</b>	<b>4.8</b>	<b>1.8</b>	<b>5.1</b>	<b>55.4</b>	<b>35.6</b>	<b>4.1</b>	<b>1</b>	<b>3.9</b>	<b>44.6</b>	<b>100</b>

Human

Resources

Plans



At the Top and Senior management levels, females have a 40% representation rate versus a male representation rate of 60%. When compared to the EAP, the SABC is 4% below the target for female employees at this level. At the Professionally Qualified and Experienced Specialist level, females are well represented at 53.63%, with African females

at 35.26% of the workforce. At a Skilled Technical and Academically Qualified level, females make up 50.33% of the SABC workforce, with African females at 42.23%. At Semi-Skilled and Discretionary Decision-Making level, 48% of the SABC population is female and 42.22% of these are African females.

Overall, females are well represented, at 52.01%

of the entire SABC workforce. This is 7.41% above the EAP for females, while males are lagging 7.41% behind EAP.

The SABC has reviewed its employment equity targets and developed a new three-year Employment Equity Plan to ensure realistic targets that are aligned to the economically active population of the country.

### Age Distribution per Division

Division	18 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 63	Grand Total
Group Services	1	23	94	84	99	90	76	53	9	529
News and Current Affairs		33	93	130	140	131	64	37	20	648
Radio	1	15	35	36	40	33	15	9		184
Sales		11	44	54	60	42	29	17	5	262
Technology	1	23	72	144	73	58	47	33	21	472
Video Entertainment		9	21	35	42	42	25	18	5	197
Grand Total	3	114	359	483	454	396	256	167	60	2292

### Employees with Disabilities

EE Occupational Level	Audio/ Hearing Impairment	Audio/Visual Impairment	Learning/ Speech Disability	Medical Disability	Physical Disability	Psychiatric	Visual Impairment	Grand Total
Prof Qualified, Exp Spec and Mid Man		1		4	2		1	8
Skilled Technical and Academically Qualified	8		1	5	12	2	5	33
Semi-Skilled and Discretionary Decision Making				1	5	1	2	9
Grand Total	8	1	1	10	19	3	8	50

### Employee Initiatives

Flexibility in employee benefits is an important contributor to a conducive workplace. The SABC has therefore introduced various initiatives regarding the structuring of the 13th cheque received by bargaining unit employees, a more affordable Medical Aid option for employees and more flexibility regarding contributions to the pension fund going forward. The employees of the SABC's contribution to the organisation is also recognised through the Excellence Awards, an annual programme successfully launched in 2022. In order to ensure the SABC stays competitive in the labour market, it has conducted a benchmark of pay scales and ranges to ensure the SABC pays market related salaries.

As part of stakeholder management, the SABC has embarked on a holistic wellness

programme addressing various identified wellness pillars. Wellness workshops are conducted on a quarterly basis. These are supported by a number of related initiatives addressing the wellness needs of employees.

Talent retention remains an important topic and a Talent Strategy has therefore been implemented with the identification and development of talent the main focus. Talent Reviews are conducted bi-annually to ensure talent is nurtured. The youth is also taken care of through an intake of interns across the organisation, with the aim of offering deserving interns permanent employment at the end of the internship. Transfer of capability is high on the internship agenda, with formalised programmes and on-the-job training being presented to the interns to develop this talent.

A culture of high performance is being established through the Performance

Management Programme, now in its second year of implementation. Moderation of the previous performance cycle's scores has been concluded and performance agreements are in place for all employees to ensure delivery on targets. This process is closely monitored by management.

An effective leadership team contributes to the overall success of an organisation. Various leadership development programmes have therefore been developed that address the leadership competencies identified for the SABC. These programmes are being rolled out across the organisation to ensure the leadership team can apply these capabilities in their daily operations.

The Human Resources team remains committed to establishing a conducive working environment for all employees where they can flourish and deliver to the best of their ability.



The Ndlovu youth choir entertaining staff during the SABC Excellence Awards.



ABC+, SABC's own OTT platform

**The role of technology at the SABC is to ensure appropriate and reliable infrastructure for the production and delivery of broadcast programming and digital media content and to support commercial revenue generation.**

The technology strategy is therefore part of an integrated approach to the progressive plan to migrate the SABC's operations to digital platforms, thereby ensuring alignment of resources, strategy and structure to implement solutions to the benefit of the organisation and its customers. The digital journey is well established, with initiatives to digitise, digitalise and digitally transform the technical and operational environments that are essentially the backbone of the SABC. The other digitisation initiative is the continuation of the preservation of legacy material (PLM), which will see the digitisation of the next 300 000 hours of TV and TV News archival content. This will position the SABC significantly better in this digital era.

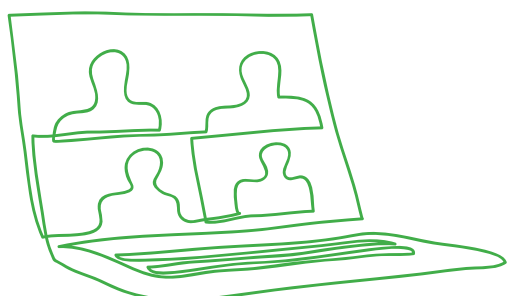
For the past decade or so, the broadcasting industry has accepted that digitisation – the

conversion of analogue signal and content to digital broadcasting and playout – is a done deal, and the majority of broadcasters have long migrated to IP broadcasting and content streaming. That rise of digital technology has led to audiences now expecting to consume our content anywhere, anytime and on any device. This need therefore requires the public broadcaster to provide compelling and accessible content that spans a range of genres and meets mandate objectives at the same time. While the impact of change is felt throughout the business, its effect is felt most profoundly in the area of technology and infrastructure. With a reliable technology infrastructure suited to the digital age, the SABC will be able to lead and compete with new entrants to the digital broadcasting sector.

The SABC corporate strategy includes letting go of the conventional broadcast infrastructure, systems and processes that are less necessary in today's world, and embracing flexibility, scalability, agility, simplicity and strategic partnerships. To support the strategic vision of a digital SABC,

it is essential that critical radio, television, news and sport production and broadcast infrastructure is upgraded, digitised and even digitalised, which will be achieved through various investment initiatives. This is the digitalisation strategy that the Technology Division has adopted, where all the critical business processes – like the Radio and Television Playout Systems implementation – are being enhanced and upgraded. The Enterprise Digital Library (EDL) and our scheduling and advertising systems are also being automated.

The biggest game changer in recent months has been the implementation of SABC+, SABC's own OTT platform, where audiences are allowed access from anywhere, at any time, and on any device for free. It is the OTT streaming that the Corporation has been after for quite a while and now the SABC is able to play and compete with other competitors at the same level. The websites and new mobile applications (apps) for various SABC brands will be slowly introduced in the next fiscal year.



Information Communication

*Technology* Plans



The Chat bot (BOTSE), launched to enhance the customer experience and improve understanding of customer engagement.

### Brand Marketing

Brand marketing will continue to drive SABC brand affinity under the theme "SABC Everywhere for Everyone, Always". A clear understanding of the SABC's brand architecture will enable the Corporation to segment its messaging, so that each of its target audiences hears what they want to hear and gets precisely what they are looking for. More efforts will be made to optimise back attribution of SABC sub-brands to mother brand and vice versa, while working on building powerful memory structures in the hearts and minds of SABC audiences through simplicity and repetition. Events will remain a key tool to reconnect with platform audiences on the ground.

### Programmatic, Earned and Owned Media Campaign

Consumer and Marketing Insights (CI) is tasked with ensuring the introduction and adoption of innovative solutions to enable the business through targeted knowledge solutions via collaborative user platforms and tools. CI will enhance the recently launched chat bot (BOTSE) to enhance the customer experience and improve understanding of customer engagement from data analytics, which forms part of the chat bot learning knowledge base.

**The Stakeholder Relations function focuses on positioning the SABC positively with relevant stakeholders, through the development and implementation of comprehensive and effective strategic engagement plans and activities aimed at creating a fruitful environment for the organisation to fulfil its mandate, vision and mission.**

The objectives of stakeholder relations are to:

- Build strong and effective strategic relationships with both internal and external stakeholders.
- Cultivate an intimate understanding of stakeholder interests and advise the business on how best to build relationships and gain the trust of valuable stakeholders.
- Foster a culture of information sharing and transparency with stakeholders, with the goal of building trust and inclusion.
- Proactively engage stakeholders and ensure they are kept informed of key developments at the SABC.
- Identify, manage and mitigate all potential risks, conflict and undesirable developments that could damage the organisation's image and reputation.
- Position the SABC as a socially responsible and caring company by investing in sustainable CSI programmes that target schools, communities and organisations that meet the requirements of our CSI investment criteria.
- Create an environment for building mutually beneficial short, medium and long-term partnerships.

The following are the strategic focus areas for the next MTEF period:

- Develop and implement a roadmap to support all engagement initiatives for the various stakeholder groups.
- Establish platforms through which the SABC can engage, listen to and respond to stakeholder needs.

Brand and Digital

Plans



- Identify and explore areas, initiatives and activities for potential partnerships, regionally and nationally.
- Establish a feedback loop to improve responsiveness and help resolve critical issues.

### Communications

Communications is an integral part of the SABC in terms of disseminating key corporate information to employees and external stakeholders. This information relates to programming and other strategic decisions affecting the business. Communications comprises two key components, which are Internal Communications and Media Relations.

#### Internal Communications

Internal communication serves as a critical driver of organisational performance as it strives to inspire employees to embrace the organisation's vision and mission.

The strategic intent of internal communication within the SABC environment is to inculcate the culture of open engagement between leadership and employees, as well as build trust and promote a culture of collaboration.

#### Media Relations

Media Relations is the SABC's hub for external communication entrusted with the responsibility of maintaining the image and reputation of the SABC through communication on key strategic issues, initiatives and partnerships. This function is also critical in providing strategic communication support for all SABC platforms, management and the Board.

#### Corporate social investment

The public broadcaster plays a critical role in contributing to Nation Building and Social Cohesion as per Outcome 14 in the National Development Plan. The SABC's public service mandate makes provision for the broadcasting of events of national interest (including sporting events). Women, youth and people with disabilities

also receive attention when it comes to the commissioning and broadcasting of programmes and, like all responsible corporate citizens, the SABC always endeavours to meet its Broad-based Black Economic Empowerment obligations. The scourges of gender-based violence (GBV), femicide and violence against children will continue to receive attention from the Corporation. The SABC is also the only broadcaster in the country that provides the social service of radio programming that is in all official languages.

### Regional and Continental relations

Regional relations with key stakeholders remain an opportunity for the Corporation to establish and deepen ties with partners aligned to the mission and mandate. Provincial government, universities, the creative sectors and local business chambers, as an example, offer opportunities to leverage resources, both financial and otherwise.

The SABC's vision of being a leading and credible face and voice of not only the country, but to the continent, provides an avenue for the Corporation to further expand its reach and impact as the largest public broadcaster on the continent through compelling content, news services, African focused radio platforms, Channel Africa, and strategic partnerships.

### The status of SABC compliance with B-BBEE

The SABC is a PFMA schedule 2 public entity and therefore subscribes to the principles of the B-BBEE Act and the related B-BBEE ICT sector codes. The SABC strives to promote and empower Black-owned businesses

through its procurement process, which is aligned to the Preferential Procurement Policy Framework Act and its associated regulations. As of 31 January 2023, 87% of the total measured procurement spend was directed to B-BBEE-compliant businesses. The Board has further approved the Enterprise and Supplier Development Strategy, which is aimed at promoting and advancing businesses that are owned by Black people, with a specific focus on Black women, the youth, Black people with a disability, businesses owned by Black people in rural communities and cooperatives. The table below shows achievements to date in terms of preferential procurement.

Furthermore, various initiatives are underway to ensure that the current SABC B-BBEE rating is improved and that Black-owned businesses – and particularly exempted micro enterprises (EME) and qualifying small enterprises (QSE) – are empowered in a meaningful and impactful manner. Amongst these initiatives are the following:

- Identifying and targeting high value complex tenders for sub-contracting.
- Use of prequalification criteria for EMEs and QSEs.
- Identifying and affording beneficiaries an opportunity to feature in all the SABC radio programmes as a way of promoting them.
- Partnering with multi-nationals and external stakeholders in the ICT sector to conduct training.
- Utilisation of the SABC's facilities and resources for supplier incubation purposes.

Description	Target as Per ICT Codes	Achieved BBBEE Spend	% Achieved
Total Actual Spend		R 230 861 111.36	
BBBEE Spend	80%	R 204 548 565.60	88.60%
Black Owned (51%)	40%	R 169 210 549.38	73.30%
Black Women Owned (30%)	12%	R 43 808 216.85	18.98%
QSE	15%	R 45 579 638.38	19.74%
EME	15%	R 42 457 720.30	18.39%

## Stakeholder

# Relations Plans





SCAN this QR code for more information on our Covid-19 awareness initiatives.

There comes a point  
where we need to

*stop just pulling*  
people out of the river. We  
need to go upstream and  
*find out why*  
they're falling in.

- Archbishop Desmond Tutu

SABC and its brands did not only take the lead when reporting from the frontline but got actively involved in creating awareness and driving vaccination campaigns during the Covid-19 pandemic.



## Part C: Measuring our

# Performance

## 7. Strategic Planning Process

Formulation of the 2023/24 – 2025/26 Corporate Plan was guided by the previous SABC Board, Executive Directors and Group Executives. The planning cycle was implemented in the following two phases: Divisional Planning Sessions and Cluster Summits. The previous Board's terms expired on the 15th of October 2022.

The draft 2023/24 corporate plan was also submitted to the office of the Auditor General South Africa (AGSA) in February 2023 for review and interim auditing. The outcome/ findings of the AGSA review were considered and incorporated into the final draft 2023/2024. This corporate plan includes management's inputs and priorities over the next MTEF period. This plan comprises key strategic areas that

have been interpreted into MTEF performance for all our budgeted pillars.

## 8. SABC Performance Information

This Corporate Plan comprises key strategic areas that have been interpreted into MTEF performance for all our strategic pillars.

### Strategic Pillar 1: Financial Sustainability

Explanation of planned performance in the medium term

The ultimate goal of the SABC to fulfil its mandate while being financially sustainable remains the focus for the MTEF period. On the established foundation of prudent financial management, the Corporation will continue in its efforts to increase revenue while managing costs to ensure their continuous optimisation. Strict cash man-

agement will continue in the same pattern as has been the case for the past five years. As has always been the case, every effort will be made to ensure that, in accordance with government policy, SMEs will continue to be paid within the prescribed 30 days of receipt of a valid invoice.

The SABC will also continue to actively participate in all ongoing policy, legislative and regulatory reviews that seek to place the Corporation in a position where it does not face any of the current restrictions that prevent it from competing effectively for revenue, as well as optimise its cost structure in response to business requirements and make acquisitions in a manner that is predicated on achieving maximum competitiveness.

## Outcome, Output, Outcome Indicators and Targets

GOAL: A FINANCIALLY SUSTAINABLE ORGANISATION.									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be a preferred service provider to our clients, and a preferred client to our service providers	Revenue and expenditure managed in accordance with the approved budget	Annual net (profit)/loss before interest and tax (R'000)	R533 877	R604 922	R258 518	R1 068 087	(R54 019)	(R125 017)	(R553 653)
	Working capital management maximised in response to the operating environment	Average creditors' payment days*	51	33	24	117	60	60	60
		Average debtors' collection days	38	54	44	40	48	48	48

## Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: A FINANCIALLY SUSTAINABLE ORGANISATION.							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be a preferred service provider to our clients, and a preferred client to our service providers	Revenue and expenditure managed in accordance with the approved budget	Annual net (profit)/loss before interest and tax (R'000)	(R54 019)	(R25 733)	29 422	(R212 322)	R151 912
	Working capital management maximised in response to the operating environment	Average creditors' payment days	60	60	60	60	60
		Average debtors' collection days	48	48	48	48	48

\* - Calculation excludes payments to main signal distribution service provider



## Updated Key Risk

GOAL: A FINANCIALLY SUSTAINABLE ORGANISATION	
Key Risk	Risk Mitigation
Revenue Generation Inability to achieve annual targeted revenue	<ul style="list-style-type: none"> <li>Continuous monitoring of revenue generation and TV License collection activities through weekly and monthly operational and divisional strategic meetings</li> <li>Pursue alternate and non-traditional revenue</li> </ul>
Liquidity Risk Inadequate Cash Resources	<ul style="list-style-type: none"> <li>Development, monitoring and review of cashflow forecasting</li> <li>Regular review of account receivable credit facilities</li> <li>Periodic scrutiny of net working capital</li> <li>Implementation of expenditure moratoriums and deferment</li> <li>Renegotiating payment terms with suppliers</li> </ul>

## Strategic Pillar 2: Content and Platforms

### Explanation of planned performance in the medium term

The way to measure the relevance of the SABC is through the appeal of its content to viewers and listeners. The number of viewers and listeners is also the currency through which the Corporation is able to generate commercial revenue to fund its mandate, including a significant portion that it is unfunded. Con-

tinuous and prudent investment in content is therefore a key ongoing strategic focus for the SABC, as it competes for audiences for its radio, television and digital platforms.

Over the MTEF, the Corporation will focus on retaining its vast radio audiences, increasing its television audiences, and building a strong digital presence. Particular focus will continue to be placed on cementing the SABC News service as the most credible news offering in South Africa. It

is important to note that, while the news offering is of critical importance to the fulfilment of the SABC's mandate, its operations are largely funded by revenue generated elsewhere in the organisation. However, efforts to generate increased revenues from the News Division will be stepped up throughout the MTEF. In the journey towards a self-sustaining News Division, management of the news operations will continue to require innovation in the optimisation of costs.

## Outcome, Output, Outcome Indicators and Targets

GOAL: OFFER A COMPETITIVE AND INNOVATIVE MULTICHANNEL PORTFOLIO									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be a preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content.	Share of screen ratings on free-to-air television channels protected	Prime time share of television screen ratings (%)	New indicator	New indicator	New indicator	SABC1: 20% SABC2: 5% S3: 2%	SABC1: 22% SABC2: 6% S3: 3%	SABC1: 24% SABC2: 8% S3: 5%	SABC1: 26% SABC2: 10% S3: 6%
	Popular television content delivered	Number of SABC TV programs in the FTA linear Top 20	New indicator	New indicator	12	11	13	13	13
	Celebration of national days on an intercultural basis, fully inclusive of all South Africans, promoted on radio and television	Number of national days covered on television	New indicator	New indicator	7	7	7	7	7
		Number of national days covered on radio	New indicator	New indicator	7	7	7	7	7
	Popular sports content delivered	Number of new sports rights acquired	New indicator	New indicator	34	38	12	18	24
	Numbers of adult listeners of SABC radio stations maintained	Average number of adult listeners of SABC radio stations per 7-day period	New indicator	New indicator	New indicator	PBS: 24.3m PCS: 6.0m	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m
	Public news service mandate fulfilled through the provision of independent and accurate news	Percentage of news and current affairs-related complaints adjudicated in the SABC's favour	New indicator	New indicator	New indicator	91%	80%	80%	80%

## Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: OFFER A COMPETITIVE AND INNOVATIVE MULTI-CHANNEL PORTFOLIO							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content	Share of screen ratings on free-to-air television channels protected	Prime time share of television screen ratings (%)	SABC1: 22% SABC2: 6% S3: 3%	SABC1: 19% SABC2: 5% S3: 2%	SABC1: 20% SABC2: 5% S3: 2%	SABC1: 21% SABC2: 6% S3: 2.5%	SABC1: 22% SABC2: 6% S3: 3%
	Compelling television content delivered	Number of SABC TV programs in the FTA linear Top 20	13	13	13	13	13
	Celebration of national days on an intercultural basis, fully inclusive of all South Africans, promoted on radio and television	Number of national days covered on television	7	3	5	6	7
		Number of national days covered on radio	7	3	5	6	7
	Compelling sport content delivered	Number of new sports rights acquired	12	3	6	9	12
	Number of adult listeners of SABC radio stations maintained	Average number of adult listeners of SABC radio stations per 7-day period	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m	PBS: 23.5m PCS: 5.0m
	Public news service mandate fulfilled through the provision of independent and accurate news	Percentage of news and current affairs-related complaints adjudicated in the SABC's favour	80%	80%	80%	80%	80%

### Updated Key Risk

GOAL: OFFER A COMPETITIVE AND INNOVATIVE MULTI-CHANNEL PORTFOLIO	
Key Risk	Risk Mitigation
Content risk	Conduct a qualitative audience research and provide audience-preferred content
Content not resonating with target audiences and stations not sounding "edgy" compared to competitor stations	Quarterly Programming Bootcamps to improve content production (cume builders) Appoint sonic imagining specialist agencies and procure on-air production tools to address imaging needs
Inadequate Video Entertainment Content	Request further extension for exemption from PFMA compliance on Supply Chain Management processes in order to enable speedy video entertainment content acquisition

### Strategic Pillar 3: Digital

#### Explanation of planned performance in the medium term

Realisation of this pillar's strategic outcome of being a preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms will require the SABC to strengthen its digital presence. The launch of the SABC's own OTT platform (SABC+) was a significant step in this journey. Going forward, the viability of the platform, and the realisation of maximum benefit, will require the upgrading of the Corporation's other digital platforms (websites and mobile applications), the acquisition of compelling content, and

appropriate systems to effectively manage the offering. Upgrading the SABC's infrastructure and systems will also ensure increased efficiency across the organisation.

During the MTEF, projects will continue to be implemented to upgrade all the SABC's digital platforms. Digitisation of legacy material will continue, in order to build the SABC's library of content that can be accessed on the now expanded digital platforms. The scheduling system will be upgraded to allow for more efficient management of the SABC's vast content library, and the Master Control Room (MCR) router will be replaced during the MTEF.

The SABC will actively and purposefully participate in the Competition Commission-fa-

cilitated mediation process with Sentech. To achieve a lasting financial sustainability of the SABC requires a significant reduction in transmission costs and, although technological advances have made this possible, the existing legislative regime prevents using these other technologies to the SABC's and public's benefit. While awaiting the necessary legislative and regulatory changes, relief will be sought through this mediation process.

Subject only to budget and funding constraints, digital transformation of the SABC is expected to advance considerably during the next MTEF period.

### Outcome, Output, Outcome Indicators and Targets

GOAL: SABC EVERYWHERE FOR EVERYONE									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	DIGITALISATION Digital workflows and infrastructure for SABC content implemented	Number of additional sites with functional new radio playout system installations	New indicator	New indicator	0	0	9		
		CAPEX projects for TV News implemented	New indicator	New indicator		News Production System - PO Issued Newsroom Computer System - Contract signed	Operational News Production System Operational Newsroom Computer System		
		Implementation of new Scheduling system completed.	New indicator	New indicator	New indicator	New Indicator	Training on new Scheduling System completed.	Scheduling System 'Go Live'	
	DIGITISATION Conversion / transition from analogue to digital	Number of hours of TV content digitised	New indicator	New indicator		0	20 000hrs of content digitised	50 000hrs of content digitised	50 000hrs of content digitised
	DIGITAL TRANSFORMATION • Emerging technologies • OTT platforms • New business models	Number of completed SABC websites	New indicator	New indicator	New indicator	New indicator	16	10	
		Number of completed SABC mobile applications	New indicator	New indicator	New indicator	New Indicator	16	10	

### Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: SABC EVERYWHERE FOR EVERYONE							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	DIGITALISATION Digital workflows and infrastructure for SABC content implemented	Number of additional sites with functional new radio playout system installations	9	2	8	9	
		Capex projects for TV News implemented	Operational News Production System			Training completed	System 'Go Live'
			Commission Newsroom Computer System			Training completed	System 'Go Live'
		Implementation of new Scheduling System completed	Training on new Scheduling System completed.				Training on new Scheduling System completed.
	DIGITISATION Transition from analogue to digital	Number of hours of TV content digitised	20 000hrs			10 000 hours	10 000 hours
	DIGITAL TRANSFORMATION • Emerging technologies • OTT platforms • New business models	Number of completed SABC websites	16	4	8	12	16
		Number of completed SABC mobile applications	16	4	8	12	16

(BEC – Bid Evaluation Committee; BAC – Bid Adjudication Committee; EXCO – Group Executive Committee) Updated key risk

### Updated Key Risk

GOAL: SABC EVERYWHERE FOR EVERYONE	
Key Risk	Risk Mitigation
Technology and infrastructure risk Delays in implementing digital infrastructure projects.	Prioritise group Media Technology and Infrastructure Projects with Supply Chain Management.

## Strategic Pillar 4: Human Resources

### Planned performance in the medium term

The realisation of an SABC that is a modern, digital, multi-channel public broadcaster that can consistently fulfil its mandate in a financially sustainable way is predicated upon an

SABC that is staffed by a competent, dynamic workforce that is fit for purpose.

In addition to embedding and strengthening the performance management culture, during the next MTEF the Corporation will be implementing the revised recruitment strategy and positioning of the SABC to improve recruitment and reten-

tion of high-performance employees. Leadership development will remain a key focus, as well as the embedding of organisational values and related behaviour to elevate the culture to a level of acceptance and alignment by all employees.

Focus will also remain on improving the skills level of employees through the implementation of the Workplace Skills Plan.

### Outcome, Output, Outcome Indicators and Targets

GOAL: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be the preferred employer with employees who are our brand ambassadors	Performance management implemented	Percentage of employees with signed performance contracts	New Indicator	New Indicator	New Indicator	60%	95%	95%	95%
	WSP implemented	Percentage of training interventions completed as per the WSP	10%	32%	40%	79%	60%	60%	60%

### Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be the preferred employer with employees who are our brand ambassadors	Performance management implemented	Percentage of employees with signed performance contracts	95%	75%	95%	N/A	N/A
	WSP implemented	Percentage of training interventions completed as per the WSP	60%	15%	30%	45%	60%

### Updated Key Risk

GOAL: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE	
Key Risk	Risk Mitigation
People risk Inability to recruit and retain a competent and dynamic workforce	Revision of SABC Recruitment Strategy (additional recruitment platforms and agencies) and positioning of SABC image and proposition Introduction of flexibility in TGRP

## Strategic Pillar 5: Governance

### Planned performance in the medium term

Over the MTEF, the Corporation will work to reinforce and safeguard the gains made in

establishing the current levels of ethics and governance. The improvement in external audit outcomes is expected to continue, with an unqualified audit the goal. In support of this effort, the focus will continue on reviewing the

Corporation's policies and standard operating procedures. The work on embedding risk management practices that cover strategic, operational and compliance risks will continue for the duration of the MTEF.

### Outcome, Output, Outcome Indicators and Targets

GOAL: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be the preferred broadcaster within our communities while adhering to the prevailing policies, and legislative and regulatory framework	Internal control environment strengthened	Percentage of previous financial years' Auditor-General findings resolved	61%	74%	84%	88%	85%	85%	85%
		Percentage of policies reviewed that are current in terms of the 2-year review cycle	New indicator	57%	49.3%	42%	65%	70%	75%

## Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be the preferred broadcaster within our communities while adhering to the prevailing policies, and legislative and regulatory framework	Internal control environment strengthened	Percentage of previous financial year's Auditor-General findings resolved	85%		10%	55%	85%
		Percentage of policies reviewed that are current in terms of the 2-year review cycle	65%	55%	60%	62%	65%

### Updated Key Risk

GOAL: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS	
Key Risk	Risk Mitigation
Fraud and corruption Fraud and corruption	Strengthen the internal control environment through implementation of Project Qalisa Vet all new and existing personnel
Governance risk Rigid, unfavourable, and outdated regulations and policies	Review and update all policies and frameworks in line with the SABC Policy Management Framework Intensify stakeholder engagements and seek recourse / redress

## Strategic Pillar 6: Partnerships

### Planned performance in the medium term

With the launch of the SABC's own OTT plat-

form, the demand for content has increased and will continue to increase. In addition to innovative content acquisition methodologies, content generation partnerships will have to continue to be pursued in order to stretch the available budg-

ets for content. As part of efforts to generate increased revenues, maximum exploitation of SABC content will continue to be pursued.

## Outcome, Output, Outcome Indicators and Targets

GOAL: STRATEGIC AND SUSTAINABLE PARTNERSHIPS									
Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To be the preferred brands for our audiences	Television content generation partnerships established	Number of television content generation partnership agreement/ MOUs signed	New indicator	2	3	3	4	4	4

## Outcome, Outputs, Outcome Indicators and Quarterly Targets

GOAL: STRATEGIC AND SUSTAINABLE PARTNERSHIPS							
Outcome	Output	Output Indicator	Targets				
			2023/24 Annual Target	Q1	Q2	Q3	Q4
To be the preferred brands for our audiences	Television content generation partnerships established	Number of television content generation partnership agreement/ MOUs signed	4	1	2	3	4

### Updated Key Risk

GOAL: STRATEGIC AND SUSTAINABLE PARTNERSHIPS	
Key Risk	Risk Mitigation
Brand and reputational risk Events that affect the SABC brand negatively	<ul style="list-style-type: none"> <li>Develop a crisis communication management plan</li> <li>Consistent engagement with GCEO (on-going)</li> <li>Approve the Media Relations Policy and Social Media Management Policy.</li> <li>Frequently socialise and update policies</li> </ul>



SCAN this QR code for more  
information on our GBV initiatives.




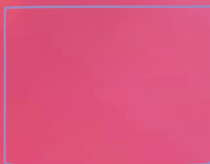
Until  
*rape,*  
and the structures – sexism, inequality,  
tradition – that make it possible, are  
part of our dinner-table

*conversation*

with the next  
generation, it will

*continue.*

- Archbishop Desmond Tutu



SABC and its brands have joined with key stakeholders and  
communities in the fight against Gender Based Violence  
and other social ills to ensure we retain our humanity.



Part D: Financial Year  
2023/24 to 2024/25

49

*Budget*

## 9. Objective

The objective of financial planning and budgeting is to develop detailed plans to achieve the aims and objectives of the organisation, considering the environment in which it operates, as well as the organisational resources.

Effective financial planning and budgeting allows the SABC to:

- Focus on the financial health and sustainability of the business;
- Create an environment that encourages compliance to internal controls and legislation;
- Drive key strategies and priorities for the next three years;
- Keep track of revenue, expenditure, cash flow, capital and investment requirements, as well as make accurate financial forecasts;
- Improve working capital management by ensuring that there are enough cash reserves to meet current financial obligations as they fall due;
- Assess, monitor and prioritise liabilities;
- Focus on profitable opportunities; and
- Enable regular reassessment and review of SABC business practices.

## 10. Legislative Requirements

Section 52(a) of the Public Finance Management Act (PFMA) requires the Accounting Authority for a public entity listed in Schedule 2 to annually submit a projection of revenue, expenditure and borrowings for that financial year in the prescribed format to the Minister of Communications and Digital Technologies as well as National Treasury at least one month before the start of the financial year.

Paragraph 29.1.1 of the Treasury Regulations issued in terms of the PFMA requires that the corporate plan must include, among other things, a financial plan addressing –

- projections of revenue, expenditure and borrowings;
- asset and liability management;
- cash flow projections;
- capital expenditure programmes; and
- dividend policies.

This financial plan forming our budget is submitted pursuant to that requirement.

## 11. Executive Summary

The SABC has been faced with a challenging financial year in the FY22/23. With audiences continuing to decline (due to both external and internal factors), advertising revenue has seen its worst performance in years. The poor performance has negatively affected the cash-flow position of the SABC.

The SABC is forecasting to end off the FY22/23 a net loss position of R1 billion, based on the latest conservative projections. This is a significant regression (388%) from the R200 million loss in the FY21/22.

The forecasted net loss indicates that the financial position of the SABC is severely constrained and thus the financial sustainability of the Corporation is significantly at risk.

For the budget period ending 31 March 2024, the SABC has budgeted for a net profit of R56 million. The net profit is mainly informed by a 37% budgeted increase on revenue. Included in revenue is also a R35 million grant received from government for the coverage of the FY23/24 elections. The 43% increase in advertising revenue is on the back of a special project established by our sales division, which is aimed at improving advertising revenue and sponsorship revenue. There is a risk that the budgeted revenue is higher than what is achievable.

Total revenue for the FY23/24 is expected to grow by 37% (R1.7 billion) from the current forecasts in FY22/23. This is largely driven by a 43% (R1.1 billion) growth in advertising revenue as the audiences grow and new client acquisition initiatives gain traction, a 32% (R232 million) growth in sponsorship revenue on the back of shifting client buying patterns in the past three years and an 835% (R87 million) growth in OTT revenue as the SABC+ Platform monetisation gains momentum, from R10 million projected revenue in the FY22/23, following the launch in November 2022 of the SABC+ platform. Advertising revenue grows at an average of 6% annually over the MTEF period.

With the various initiatives to reduce costs and increase efficiencies that were pursued in the past four years, there is very little scope for further cost reduction if the Corporation is to continue to catch up on maintenance and investment in infrastructure and technology,

aligned with accepted industry practices. Total operational expenditure is anticipated to grow by 12% (R671 million) from FY22/23. The financing of envisaged expenditure is however heavily reliant on revenue performance to generate sufficient funding.

Repairs and maintenance have been budgeted for at R189 million, an increase of R131 million from current FY22/23 forecasts. R81 million of the budget relates to software maintenance. The remaining R108 million relates to the maintenance of the deteriorating infrastructure and buildings of the SABC. The budget is supported by a maintenance plan and only critical projects have been budgeted for in the budget period.

Marketing has been budgeted at R143 million, in support of the revenue generation realisation. The marketing budget is supported by divisional- and platform-specific marketing plans. With the appointment of a panel of marketing agencies, the actual spend is projected to improve from the traditionally low spend in prior years. The benefits realised on marketing spend will be assessed based on the Return on Marketing Investment (ROMI) tool.

Investment in content declined by -7% to R1.1 billion and grows at an average of 7% over the MTEF period. The budget is based on affordability. Only committed sport rights have been budgeted for. The approach to investment in content is anticipated to yield benefits as titles invested in, except for children and religious content that traditionally is very difficult to monetise successfully, are expected to be profitable.

The current budget position exposes the SABC to continued liquidity challenges. It is important that all employees strive to exploit revenue generation opportunities and efficiency in operations. If the budget is achieved, it will be a catalyst towards financial sustainability.

As of 31 March 2023, bailout funding received that will still be available is projected to be R200 million. This continues to be ringfenced for the SABC's long-term capital expenditure and content acquisition, as originally agreed. An additional R100 million is expected to be realised from the disposal of non-core assets and is also to be utilised in funding our capital expenditure plan.

Budget

Notable ongoing initiatives not factored into the budget due to the uncertainties that surround it, is the impact of the conclusion of the Must Carry Regulation negotiations and the ongoing Competition Commission investiga-

tions into the cost of sports rights and signal distribution.

The budget assumes that the Corporation will be successful in designing and implementing

suitable and agile responses to counter the impact of persistent high levels of loadshedding and the impact of analogue switch off on audiences and revenue.

Indicator	Reference	Budget	Forecast	Forecast
		2023/24	2024/25	2025/26
Commercial revenue				
Advertising and Sponsorship Revenue	SABC Guidance			
Video Entertainment		10%	4,45%	4,48%
Radio		25%	20%	15%
Programme Rights exploitation		10%	4,50%	4,50%
Internet / Digital (Incl. OTT)		5%	8%	8%
TV Licences	Historic Trends	1,50%	1,50%	1,50%
Other Revenue Streams	Management guidance	4,42%	4,45%	4,48%
Employee Costs				
Permanent and Non-Permanent	Compensation of Employees Technical guidelines: 2023 MTEF	4,45%	4,45%	4,48%
Content Investment as a percentage of Revenue	SABC Guidance	25%- 30%	25%- 30%	25%- 30%
Signal and Distribution		(2%)	(5%)	(5%)
Marketing costs as a percentage of Revenue		Must not exceed 4% of Revenue	Must not exceed 4% of Revenue	Must not exceed 4% of Revenue
Average Monthly USD Exchange Rates	Nedbank Average monthly and annual rates	R15.80	R15,65	R16,36
Average Year End USD Exchange Rates		R16.55	R17.15	R17.50
Other Expenses- (not on zero based budgeting)	NT MTEF 2023 COE Guidelines	4.42%	4.45%	4.48%

## 12. Budget Assumptions

The hybrid (zero-based and incremental) budget methodology has been adopted in preparation of the FY23/24 budget.

Key considerations supporting the budget assumptions, including but not limited to, are as follows:

- Growth in Video Entertainment audiences in particular, and through SABC+
- Growth in sell out ratio, and rate cards

- Monetising of the OTT platform to maximise revenue generation
- An analysis of our various radio platforms' performance compared with our competitors to serve as a measure we can reflect against
- PWC industry growth report 2022 – 2026 that serves as a source of reference where appropriate

## 13. Budget Risks and Uncertainties

We have content acquisition plans that will allow fresh, exciting content designed to attract and retain audiences on SABC platforms. Content investment must be driven by the Cost Per Viewership Minute (CPVM) model, as investment must be made in content that yields a positive return on investment.

Revenue is budgeted to grow by 37%. BThis is an aggressive target informed by high-level assumptions. Achievement will depend on the development and near-fanatical implementation of a detailed execution plan.

Yield on content investment has a turnaround of 12 to 18 months for creation/restoration of

the audience share, which delays the potential revenue generation.

There are uncertainties regarding when the SABC will be able to commercialise SABC+ effectively.

The efforts towards aggressive restoration of revenue generation do not realise, or do not realise to the extent anticipated, despite continued investment in content.

The delays in the digital migration in view of depressed set-top boxes roll-out continues to negatively affect the SABC viewership numbers, which in turn has a negative effect on the advertising revenue.

SABC 2, S3 and ALS radio stations continue to make losses, with the losses budgeted to continue over the budget period. New strategies on how to sell these platforms to return them to profitability are a priority in the three-year cycle, as the continued losses of these platforms is a large contributor to the overall losses of the SABC. Note that that S2 and the ALS Radio Stations is expected to carry mandate content, some of which is not possible to monetizable effectively.

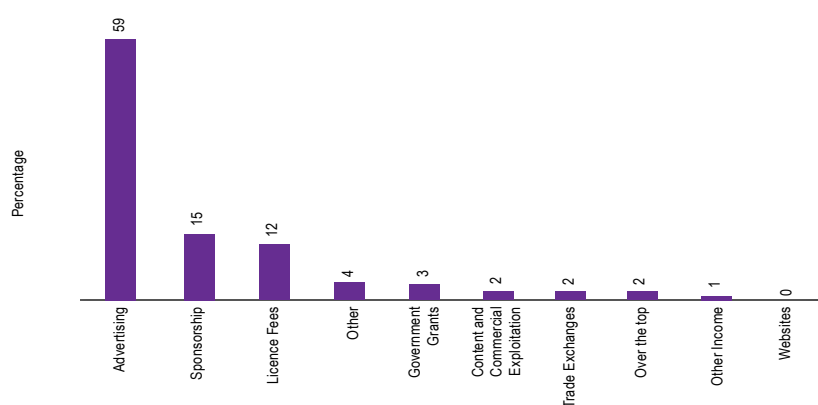


## 14. Income Statement

Financial Statement Item	Budget	Forecast	Forecast
	FY23/24	FY24/25	FY25/26
	* 1,000	* 1,000	* 1,000
Advertising Revenue	(3 791 689)	(4 000 666)	(4 314 702)
Sponsorship Revenue	(962 990)	(1 023 976)	(1 076 647)
Revenue - Over the Top	(98 168)	(83 166)	(89 002)
Trade Exchanges	(108 273)	(112 108)	(108 874)
Licence Fees	(793 043)	(849 900)	(849 690)
Government Grants	(260 581)	(239 053)	(251 061)
Content and Commercial Exploitation	(128 582)	(122 582)	(131 292)
Revenue Websites	(23 078)	(25 044)	(28 763)
Other Revenue	(258 570)	(157 442)	(173 350)
<b>Revenue</b>	<b>(6 424 973)</b>	<b>(6 613 938)</b>	<b>(7 023 381)</b>
Other Income	(57 669)	(59 434)	(65 962)
<b>Revenue and Other Income</b>	<b>(6 482 643)</b>	<b>(6 673 372)</b>	<b>(7 089 343)</b>
Amortisation PFSR	1 266 734	1 378 081	1 451 081
Net Impairment Receivables	52 095	52 000	52 000
Broadcast Costs	590 301	533 208	522 651
Signal Distribution and Linking Costs	699 243	669 671	627 348
Employee Compensation and Benefit Expenses	2 544 876	2 436 077	2 463 538
Depreciation and Amortisation	195 905	198 816	124 787
Marketing Costs	142 603	166 106	166 505
Direct Licence Collection Costs	96 363	109 087	119 348
Professional and Consulting Fees	76 232	81 654	77 800
Other Expenses			
Operational	758 455	805 536	819 632
Personnel Cost	74 330	79 778	78 658
Administrative	39 751	38 560	32 576
Other (Profits)/Loss	(99 923)		
<b>Expenses</b>	<b>6 428 624</b>	<b>6 548 355</b>	<b>6 535 690</b>
<b>Operating (Profit)/Loss Before Interest &amp; Tax</b>	<b>(54 019)</b>	<b>(125 017)</b>	<b>(553 653)</b>
Net Financing (Income)/Loss	(2 651)	3 696	(3 261)

## 15. Revenue

GRAPH: Revenue



Revenue improvement initiatives have been identified that are supported by expenditure anticipated to realise benefits. To enhance revenue generation, the SABC is increasing its marketing spend by 40% to R143 million from the FY22/23 projections. Detailed marketing plans for each platform have been developed and will be monitored through the year to ensure the anticipated return on marketing investment is achieved. Direct revenue collection costs spend has been increased by R30 million (39%) to support the TV licence collection function. The TV license department plans to have all five DCAs appointed in the FY23/24.

On the next page there are the strategic initiatives that will be implemented by the SABC to boost the revenue streams:

Advertising and sponsorship revenue	TV Licence
Resourcing the organisation with appropriate digital skills to execute on the digital sales targets.	S197, Outsource call centre solution.
Commercial sponsorship model to enhance inclusion of sponsorship deals in entertainment and sport events.	TV license loyalty programme
Optimise unsold inventory through the roll-out of multiple innovative trading models.	Appointment of five DCAs
A special project focused specifically on revenue generation enhancements.	
Channel carriage and content exploitation	Other strategies
More attractive carriage deals (partnering with mobile operators) and exploring international markets for SABC productions.	Monetise radio programme genres.
Intelligent and data driven prioritisation of investment in the digital media library to convert more content to digital format.	Merchandising (Online Store)
Exploitation of current content (including NEWS gatherings content) that can be turned into sales.	Invest in events with high returns e.g., restore Metro Music Awards property.

The SABC depends mainly on commercial revenue to finance its operations. However, there is huge pressure to fund news and sports (specifically of national interest) both of which are not typically value propositions that can be monetised effectively. This creates significant pressure on the SABC's cash flows. Negotiations with the Department of Communications and Digital Technologies will continue to secure fiscal support for the cost incurred in delivering on the public mandate.

Below is the approved government grant allocation for the MTEF period:

	Budget	Estimates	
	FY23/24	FY24/25	FY25/26
Channel Africa	67 368	70 393	73 547
Public Broadcaster (including elections)	170 403	141 484	147 822
Programme Productions	15 865	16 577	17 320
<b>Total Grant Allocation</b>	<b>253 636</b>	<b>228 454</b>	<b>238 689</b>

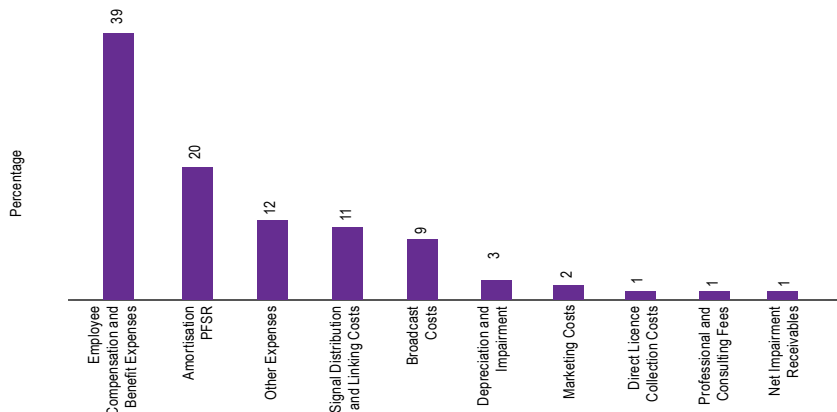
The Channel Africa allocation for the budget period is more than the costs associated with the station due to the signal and distribution services that are on hold in the procurement process due to insufficient budget and afforda-

bility. The funding remaining after overheads falls short of providing for the investment required to reposition and rejuvenate the channel, though. Channel Africa requires new content and relevant technological access to

signal distribution across multiple platforms, particularly since it is currently only broadcasting online, as its short-wave transmission network has been discontinued.

## 16. Expenditure

### GRAPH: Expenditure



Investment in content and associated broadcasting and transmission costs account for 38%. This used to average 41% over the last three years, indicating a slight budgeted decrease in investment in content and costs savings on signal and distribution.

The decreased investment in content is mainly caused by liquidity challenges as revenue underperformance persists in the short term, but the link that has been established between the cost of investment and monetisation potential of the content invested in also results in a fresh approach to the traditional procurement. In addition, alternative content procurement modalities are being implemented that reduce the long lead time to yield realisation.

The digital broadcast migration is expected to result in cost savings over the MTEF period. However, due to the current delays, the actual savings cannot be quantified so as to be factored into the budget.

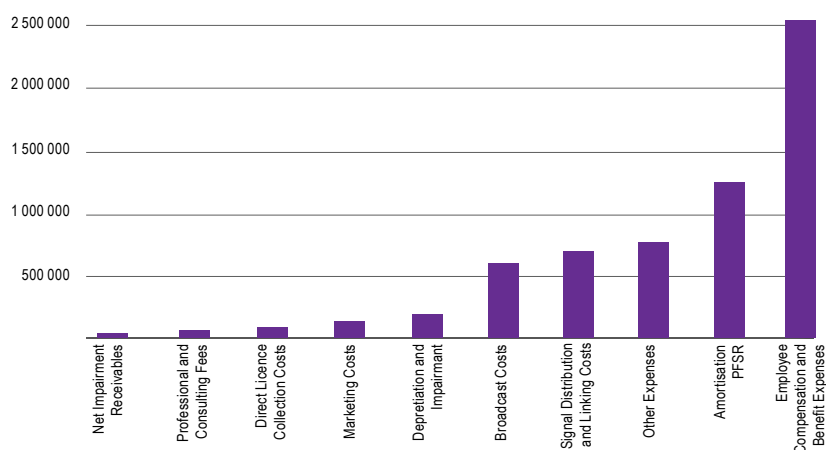
Employee costs are budgeted at R2.5 billion for FY23/24, amounting to 39% of total costs compared to an average of 42% over the past three years, as the Corporation continues to

struggle to fill critical vacancies. Plans are in place to ensure attraction of talent to the SABC in the MTEF period. The headcount will increase by 212 (6%) over this period. Proposed salary increases for both permanent and non-permanent employees of 5% (CPI – 2.05%) have been budgeted for. This is after a two-year freeze on salaries increases.

The SABC is budgeting to incur total expendi-

ture of R6.4 billion for the FY23/24, a 12% increase from current projections. The increase is because of the Repairs and Maintenance – Buildings and Infrastructure budget (R102 million), Software Maintenance budget (R81 million), Marketing costs (R147 million), Broadcasting costs driven by royalties, costs for SABC+, inhouse production costs, Trade Exchanges (R188 million) and other employee costs (R30 million).

#### GRAPH: Expenses Budget FY 2024



The key focus over the MTEF period will be to:

- Restore lost audience share on all the SABC's platforms through intelligent investment in fresh and compelling locally produced content and different content models based on the results of audience research.
- Continue efforts to restore aging infrastructure by implementing the maintenance plan, to improve efficiencies.
- Retain experienced "On Air" talent; and
- Improve corporate brand and marketing of key properties to boost commercial revenue generation.

#### 17. Taxation

The SABC has an estimated R2.1 billion assessed loss that will be used in the future

against taxable profits. For the MTEF period, the income taxation expense has therefore not been budgeted for. It is anticipated that if the

sale of non-core properties is finalised in the FY23/24, likely Capital Gains Tax may be paid in the FY23/24, amounting to R13.5 million.

#### Long Term CAPEX Plan

Long Term Capex Plan - FY23/24 to FY25/26		Forecasts		
		2023/24	2024/25	2025/26
Approved Projects in Progress		R000's	R000's	R000's
TV and OB Tech OPS - Outside Broadcast		109 544	44 524	-
TV and OB Tech OPS - TV Media		326 628	94 241	-
Radio and Regional Tech Ops		211 916	16 774	3 487
Information Technology		93 699	50 558	-
Contribution and Distribution		7 332	-	-
Digital Media		113 400	105 153	-
Logistical Services		596 644	56 940	6 715
Other Divisions (Including News)		4 600	-	-
<b>Minor Capital</b>		<b>25 000</b>	<b>30 000</b>	<b>30 000</b>
Total		1 488 761	398 190	40 202
Insurance Replacements		-	-	-
<b>Grand Total</b>		<b>1 488 761</b>	<b>398 190</b>	<b>40 202</b>
<b>Funded</b>		<b>409 981</b>	<b>60 000</b>	<b>228 000</b>
<b>Unfunded</b>		<b>1 078 780</b>	<b>338 190</b>	<b>(187 798)</b>
<b>Projects still to be approved</b>		<b>491 152</b>	<b>2 867 350</b>	<b>1 278 287</b>
<b>Total approved and still to be approved</b>		<b>1 979 913</b>	<b>3 265 540</b>	<b>1 318 489</b>

Capital expenditure to be funded from the remaining Bailout funds for the FY23/24 amount to R200 million (excluding allocations from the interest on the Bailout) and the expected

inflow from the sale of the non-core properties of R100 million expected to materialise in the FY23/24 will also be used to fund capital projects. However, there will be a shortfall in

funding of R1 078 billion. Capex spending must be prioritised based on the critical nature of the project.

## 18. Balance Sheet

Balance Sheet	Budget	Forecast	Forecast
	FY23/24	FY24/25	FY25/26
<b>Non-current Assets</b>			
Property and Equipment (including investment property)	1 754 397	1 653 914	1 795 461
Defined Benefits	1 669 727	1 669 727	1 669 727
<b>Total non-current assets</b>	<b>3 424 124</b>	<b>3 323 641</b>	<b>3 465 188</b>
<b>Current Assets</b>			
Cash	22 482	122 159	88 778
Accounts Receivable	655 982	674 668	724 897
Programme, Film and Sports rights	551 232	570 031	580 432
Prepayments	82 685	85 505	87 065
Inventories	4 250	4 250	4 250
<b>Total current assets</b>	<b>1 338 249</b>	<b>1 434 995</b>	<b>1 485 422</b>
<b>Total Assets</b>	<b>4 762 373</b>	<b>4 758 636</b>	<b>4 950 609</b>
<b>Liabilities</b>			
Employee benefits	1 419 002	1 419 002	1 419 002
Perpetual Debt - Government Instrument	10 567	10 567	10 567
Loans and Borrowings	35 847	64 177	81 914
Deferred Govt Grant	377 427	357 010	326 771
Accounts Payables – Signal and Distribution	316 763	66 763	66 763
Accounts Payables and Provisions	1 107 750	1 219 801	859 198
Deferred Income	9 726	9 340	9 445
VAT and other non-payroll taxes	97 319	102 682	110 742
<b>Total Liabilities</b>	<b>3 374 401</b>	<b>3 249 343</b>	<b>2 884 403</b>
<b>Shareholder's Equity</b>			
Equity Capital	3 200 001	3 200 001	3 200 001
Retained Earnings	(1 812 028)	(1 690 707)	(1 133 793)
<b>Shareholder's Equity</b>	<b>1 387 972</b>	<b>1 509 293</b>	<b>2 066 207</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>4 762 373</b>	<b>4 758 636</b>	<b>4 950 609</b>
<b>Ratios</b>	<b>Forecasts</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>
Debtors' collection days	48	46	47
Creditors' payment days (Excl. Sentech)	60	60	60

## 19. Cash Flow

Cash Flow Statement	Budget	Forecast	Forecast
	2024	2024	2024
Cash Collections from Customers	5 085 352	5 453 203	5 828 833
Collections from TV Licences	713 739	764 910	764 721
Payments to employees	(2 536 535)	(2 435 859)	(2 463 305)
Payments for content and broadcasting rights	(1 296 656)	(1 359 283)	(1 480 281)
Payments for signal distribution	(699 243)	(919 671)	(627 348)
Payments to suppliers	(1 862 943)	(1 595 882)	(2 087 687)
<b>Cash from Operations</b>	<b>(596 286)</b>	<b>(92 582)</b>	<b>(65 067)</b>
Net Finance income	2 651	(3 696)	3 261
Tax - CGT on disposals	(591 082)	(86 461)	(43 940)
<b>Net Cashflows from Operations</b>	<b>(593 635)</b>	<b>(96 278)</b>	<b>(61 806 )</b>
<b>Investing Cash Flow</b>			
Disposal of properties	99 923	-	-
Investments in Property and Equipment	(409 981)	(60 000)	(228 000)
<b>Cash from Investing Activities</b>	<b>(310 058)</b>	<b>(368 190)</b>	<b>(48 535)</b>
<b>Financing Cash Flow</b>			
Government grants (Treasury actuals)	253 636	228 454	238 689
Vehicle Fleet funding	38 333	38 333	38 333
Repayment of loans and other liabilities	(2 486)	(10 832)	(20 597)
<b>Cash from Financing Activities</b>	<b>289 483</b>	<b>255 955</b>	<b>256 425</b>
Net Increase (decrease) in Cash	(614 210)	99 677	(33 381)
<b>Opening Cash Balance</b>	<b>636 692</b>	<b>22 482</b>	<b>122 159</b>
<b>Closing Cash Balance</b>	<b>22 482</b>	<b>122 159</b>	<b>88 778</b>

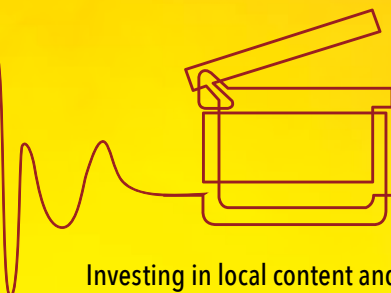


SCAN this QR code for more information  
on our investment into Local content.

When we reach out and  
connect with one another—  
when we

*tell the story,*  
name the hurt, grant  
forgiveness, and renew or  
release the relationship—our  
suffering begins to  
*transform.*

- Archbishop Desmond Tutu



Investing in local content and  
transforming the narrative as we tell our  
own stories with our own unique talent.

Part E:

*Annexures*



## Annexure A: Fraud and Corruption Prevention Policy Definitions

<b>Board</b>	Means the Board of Directors of the SABC.
<b>Chief Audit Executive</b>	Chief audit executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework.
<b>Group Executive: Legal, Governance and Regulatory</b>	A senior official who is the head of the Risk Management Unit, responsible for advising on, formulating, overseeing and managing all aspects of an organisation's risk management system.
<b>Disclosure</b>	Means any disclosure of information regarding the conduct of the SABC, its members of the Board of Directors, or the SABC employees at all levels.
<b>Employee</b>	Means a person holding a fixed post and who receives remuneration from the SABC or is employed temporarily for a fixed period or under a special contract, whether in a full-time or part-time capacity, additional to the Corporation or in a vacant post in the corporation, assisting in carrying out or in conducting the business of the SABC.
<b>Hotline</b>	SABC Whistleblowing Hotline.
<b>Member of the Board of Directors</b>	Means a person appointed in such capacity by the president of the Republic in terms of the Broadcasting Act.
<b>Minister</b>	Means Minister of Communications and Digital Technologies.
<b>Misconduct</b>	Misconduct is a legal term meaning wrongful, improper or unlawful conduct motivated by premeditated or intentional purpose or by obstinate indifference to the consequences of one's acts.
<b>SSA</b>	Means the State Security Agency.
<b>SABC and Corporation</b>	Means the South African Broadcasting Corporation Limited.
<b>SAPS</b>	Means the South African Police Services.
<b>Organisation</b>	A group of people and facilities with an arrangement of responsibilities, authorities and relationships working together to achieve objectives. Note 1: This includes the entity, its governing body, structures, processes and systems.
<b>Organisational objectives</b>	The long- term results, with appropriate key performance indicators, set by the organisation.
<b>Risk Management</b>	Set of elements of an organisation's management structures that are directed towards realising potential opportunities whilst managing adverse effects. Note 1: Management system elements can include strategic planning, decision making and other processes for dealing with risks. Note 2: The culture of an organisation is reflected in its risk management system.
<b>Stakeholder/ shareholder</b>	Any individual, group or organisation that can affect, be affected by, or perceive itself to be affected by a risk. Note 1: The decision-maker is also a stakeholder.

## Annexure B: Borrowing Plan

The SABC currently has in place a Receivable Finance Facility of R100 million in the commercial banking sector.

The commercial sector appetite to lend funds to State Owned Entities (SOEs) has reduced significantly over the last two years due to increased solvency and liquidity risks. The Corporation will continue to engage with financial institutions and other funders in the market to ensure that, when the need arises for borrowing, the relationships will have been established and maintained. SABC will maintain the Receivable Finance Facility for working capital needs at R100 million, in case the need to utilise it arises.

## Annexure C1: Risk Management Framework

### 1. INTRODUCTION

Risk management is an enabling function that adds value to the activities of the SABC and increases the probability of success in achieving the Corporation's strategic objectives. It is about managing uncertainty and creating an environment in which surprises are minimised. This Risk Management Framework defines the practices adopted by the SABC to identify risk, in order to reduce potential negative impacts and improve the likelihood of beneficial outcomes.

The SABC is committed to the optimal management of risk in order to achieve its vision, strategy and objectives and protect its core values. The Board is

committed to ensuring that the Corporation's values are aligned to promote greater risk accountability and awareness by ensuring that risk is managed effectively through an on-going process of identifying, evaluating and treating. To assist with this requirement, the Enterprise Risk Management Policy (ERMP) and Enterprise Risk Management Framework (ERMF) are aligned to the following:

- PFMA
- National Treasury Regulation Section 27.2.1
- The principles of King IV™
- The Public Sector Risk Management Framework published by National Treasury in 2010
- International Standard Organisation (ISO 31000 Risk Management Standards)

All divisions, provinces, subsidiaries, processes and projects are subject to the requirements of



the ERMP, ERMF and Risk Management Strategy. Effective implementation of risk management is imperative to the SABC in terms of its risk profile. The realisation of the SABC strategy is dependent on the Corporation being able to take calculated risks in a manner that does not jeopardise the direct interests of stakeholders. An enterprise-wide approach to risk management has been adopted by the SABC, which means that every strategic and operational risk across the Corporation as a whole is included in a structured and systematic process of risk management.

Risk management is about structured and coordinated activities that direct and control the Corporation with regard to risks. All corporate strategic and operational risks are managed within a unitary framework that is aligned to the SABC's corporate governance responsibilities.

The benefits of this practical Risk Management Framework, which can be applied across all parts of the SABC, include:

- A consistent, structured approach to identifying and managing risk.
- Supporting the achievement of the SABC's strategic and operational objectives by managing risks that might otherwise impede success.
- The encouragement of an open and transparent culture in which risk discussion and awareness are supported.
- Better decision-making practices that support risk-informed choices, prioritise actions and distinguish between alternative courses of action.
- The encouragement of an understanding of the risk environment within which the SABC operates.
- The provision of assurance to the Board and the executive authority that critical risks are being identified and managed effectively.

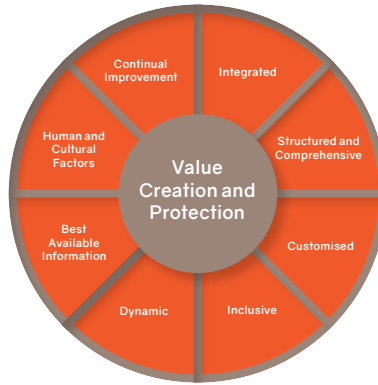
## 2. PURPOSE

The purpose of this Framework is to describe the SABC's risk management philosophy, approach, and monitoring and reporting practices, and to guide the implementation of the risk management principles in a uniform manner across the SABC. It also seeks to set the tone from the top and emphasises that the management of risk is the responsibility of everyone at the Corporation.

Risk management should be applied in all strategic and operational activities, during the planning, implementation and monitoring stages.

## 3. AN EFFECTIVE ENTERPRISE RISK MANAGEMENT SYSTEM

Guiding principles are principles that form the foundation of the risk management process. The eight risk management principles outlined in the ISO 31000 Risk Management Standard must be embedded in the Corporation, to ensure that the SABC's actions, responses and approach to risk remain current and dynamic.



Source: ISO 31000

In order to be effective, the Corporation adheres to the following principles outlined in ISO 31000:

- **Integrated:** Risk management is an integral part of all activities at the Corporation.
- **Structured and comprehensive:** A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- **Customised:** The risk management framework and process are customised and proportionate to the Corporation's external and internal environment related to its objectives.
- **Inclusive:** Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- **Dynamic:** Risks can emerge, change or disappear as the Corporation's external and internal environment changes. Risk management anticipates, detects, acknowledges and responds to these changes and events in an appropriate and timely manner.
- **Best available information:** The inputs to risk management are based on historical and current information, as well as future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- **Human and cultural factors:** Human behaviour and culture significantly influence all aspects of risk management at each level and at each stage.
- **Continual improvement:** Risk management is continually improved through learning and experience.

## 4. RISK MANAGEMENT FRAMEWORK COMPONENTS

The SABC continually evaluates its existing risk management practices and processes so as to evaluate and address any gaps in the framework.



Source: ISO: 31000: 2018

### 4.1 LEADERSHIP AND COMMITMENT

EXCO and the Board ensure that risk management is integrated into all corporate activities and demonstrates leadership and commitment by:

- Customising and implementing all components of this framework.
- Approving the policy that establishes a risk management approach, plan or course of action.
- Ensuring that the necessary resources are allocated to managing risk.
- Assigning authority, responsibility and accountability at appropriate levels at the Corporation.

This will help the Corporation to:

- Align risk management with its objectives, strategy and culture.
- Establish the amount and type of risk that may or may not be taken to guide the development of risk criteria, ensuring that they are communicated to the Corporation and its stakeholders.
- Communicate the value of risk management to the Corporation and its stakeholders.
- Promote systematic monitoring of risks.
- Ensure that the risk management framework remains appropriate to the environment of the Corporation.

EXCO is accountable for managing risk, while the Board is accountable for overseeing risk management. The Board is expected to:

- Ensure that risks are adequately considered when setting the corporate objectives.
- Understand the risks facing the Corporation in pursuit of its objectives.
- Ensure that systems to manage such risks are implemented and are operating effectively.
- Ensure that such risks are appropriate in the context of the corporate objectives.
- Ensure that information about such risks and how they are managed is communicated properly.

## 4.2 INTEGRATION

Integrating risk management relies on an understanding of corporate structures and the environment. Everyone in the Corporation has a responsibility to manage risk. Risk management is a part of, and not separate from, the corporate purpose, governance, leadership and commitment, strategy, objectives and operations.

## 4.3 DESIGN

### Context

The corporation examines and understand its external and internal environment, which includes:

- Vision, mission and values.
- Governance, corporate structure, roles and accountability.
- Strategy, objectives and policies.
- Social, cultural, political, legal, regulatory, financial, technological, economic and environmental factors, whether international, national, regional or local.
- Contractual relationships and commitments.
- The SABC culture.
- The standards, guidelines and models adopted by the SABC.
- Capabilities, which are understood in terms of resources and knowledge (e.g. capital, time, people, intellectual property, processes, systems and technologies).

### Risk Management Commitment

EXCO and the Board demonstrate and articulate their continual commitment to risk management through a policy, a statement or other forms that clearly convey the organisation's objectives and commitment to risk management. The commitment includes:

- The SABC's purpose for managing risk and links to its objectives and other policies.
- Leading the integration of risk management into core business activities, decision-making and overall corporate culture.
- Authority, responsibilities and accountability.
- Making the necessary resources available.
- Measuring and reporting against the corporate performance indicators.

### Allocating Resources

EXCO and the Board allocate appropriate resources for risk management, which may include:

- People, skills, experience and competence.
- The corporate processes, methods and tools to be used to manage risk.
- Information and knowledge management systems.
- Professional development and training.

### Communication and Consultation

The SABC has established an approved approach to communicate and consult, in order to support the framework and facilitate effective implementation of risk management. Participants in the consultation

process should provide feedback with the expectation that it will contribute and shape decisions and other activities. Communication and consultation should be performed timeously, and relevant information should be collected, collated, synthesised and shared.

## 4.4 IMPLEMENTATION

The Corporation implements the risk management framework by:

- Developing an ERMS and Operation Plan, including time frames and resources.
- Identifying where, when and how different types of decisions are made across the Corporation and by whom.
- Ensuring that the policy for managing risk is clearly understood and practised.

## 4.5 EVALUATION

To evaluate the effectiveness of the risk management framework, the Corporation should:

- Periodically measure risk management framework performance against its purpose, implementation plans and indicators.
- Determine whether it continues to support the achievement of the objectives of the corporation.

## 4.6 IMPROVEMENT

### Adapting

The Corporation continually monitors and adapts the risk management framework to address external and internal changes.

### Continually Improving

The Corporation continually improves the suitability, adequacy and effectiveness of the risk management framework and the way the risk management process is integrated. As relevant gaps or improvement opportunities are identified, the Corporation develops plans and tasks and assigns them to those accountable for implementation. Once implemented, these improvements should enhance the risk management process.

## Annexure C2: SABC Anti-Fraud and Corruption Strategy

### Introduction

The SABC adopts a culture of integrity, openness and fairness. The SABC Board of Directors, group executive management, senior management and employees at all levels should adopt the highest standard of honesty, propriety, personal integrity and accountability towards any fraud and corruption, theft, misconduct, maladministration and unethical behaviour.

The SABC's Board of Directors, group executives and senior management should clearly articulate and communicate the contents of the Fraud and Corruption Prevention Strategy to its employees, shareholders, consultants, vendors, contractors, members of the public, agencies conducting business with the SABC, employees or any other parties with a business interest and relationship with the SABC.

The Fraud and Corruption Prevention Strategy has been developed because of the expressed commitment of the SABC to fight fraud and corruption.

The Fraud and Corruption Prevention Strategy is established to clearly indicate the SABC's stance

towards fraud and corruption and seeks to support the SABC's business and operational strategies, and the achievement of its public service mandate. The Strategy is based on inter alia the National Treasury Regulations Fraud Prevention Plans, the Prevention and Combating of Corrupt Activities Act, 12 of 2004, the Public Finance and Management Act, 1 of 1999, the Protected Disclosures Act, 2000 as amended and other pieces of national and international legislation intended to combat fraud and corruption.

### Purpose

The purpose of the Anti-Fraud and Corruption Prevention Strategy is to provide guidance and guidelines on the prevention of any instances of fraud, corruption, theft, misconduct, unethical behaviour and maladministration from taking place, whether deliberate or in good faith. Where corruption or fraud is suspected, this strategy provides guidance on the action to be taken. The strategy should be read in conjunction with the SABC Fraud and Corruption Prevention Policy, which contains the following:

### PART C: Regulatory Framework

The SABC Policies and Procedures and relevant statutes listed below form an integral part of the SABC's overall strategy, and include, but are not limited to:

- Basic Conditions of Employment Act, 75 of 1997;
- Companies Act, 71 of 2008;
- Broadcasting Act, 4 of 1999;
- Electronic Communication and Transmissions Act, 25 of 2002;
- Labour Relations Act, 66 of 1995;
- Prevention and Combating of Corrupt Activities Act, 12 of 2004;
- Public Finance and Management Act, 1 of 1999;
- Protected Disclosure Act, 26 of 2000;
- National Treasury Regulations;
- Whistleblower's Policy;
- National Key Point Act, 102 of 1980;
- King IV Code on corporate Governance.

### PART A: Fraud and Corruption Prevention Plan

#### Purpose

The purpose of Fraud and Corruption Prevention Plan ("the Plan") is to provide an overview of the SABC's approach to the prevention and detection of fraud, corruption, theft, misconduct, unethical behaviour and maladministration. Sources of fraud include inter alia employees, customers, suppliers, contractors and other service providers.

This Plan recognises basic fraud, corruption, theft, misconduct, unethical behaviour and maladministration prevention measures, which are in place. The Plan is dynamic and should be continuously reviewed as the SABC changes and improves in its drive to promote ethics, as well as to fight fraud, corruption, theft, misconduct, unethical behaviour and maladministration.

The SABC's response to mitigate any exposure to fraud, theft and corruption will focus on creating awareness and promoting ethical business conduct.

### Anti-Fraud and Corruption Approach

The approach in controlling fraud, corruption, theft, misconduct, unethical behaviour and maladministration is focused on three areas, namely:

- (i) The Strategic Approach;
- (ii) The Operational Approach; and
- (iii) The Maintenance Approach.

### THE STRATEGIC APPROACH

The Strategic approach represents actions to be undertaken to address fraud, corruption, theft, misconduct, unethical behaviour and maladministration at a strategic level.

### Responsibilities for fraud and corruption risk management (Tone at the Top)

The Board, group chief executive officer (GCEO), chief operating officer (COO), chief financial officer (CFO), group executive: Legal, Governance and Regulatory, chief audit executive and management should:

- (i) Display a positive, appropriate attitude towards compliance with laws, rules, and regulations;
- (ii) Be aware of common indicators/symptoms of fraudulent and/or corrupt activities or any other wrongful acts;
- (iii) Establish and maintain proper internal control measures to provide for the security and accountability of the SABC's resources and prevent/reduce the opportunity for theft, fraud and corruption and other wrongful acts from occurring.
- (iv) Be aware of the risks and exposures inherent in areas of responsibility; and
- (v) Respond to all allegations or indications of theft, fraudulent and/or corrupt activities or any other wrongful acts;
- (vi) Act with propriety in the use of the SABC's resources and in the handling and use of public funds, whether they are involved with cash or payment systems, receipts or dealing with clients, consultants, vendors, contractors, members of the public, outside agencies and/or any other parties with a business relationship with the SABC; and
- (vii) Ensure that management and employees take appropriate action as well as reporting details immediately via the SABC Whistleblowing Hotline (the "Hotline") or to the chief audit executive or the group executive: Legal, Governance and Regulatory if they suspect or believe that evidence of irregular or improper behaviour exists or that theft, fraud and/or corrupt activities may have been committed.

### ROLES AND RESPONSIBILITIES

#### Board of Directors

All members of the Board are required to act in accordance with the SABC's Code of Conduct and Ethics and have a duty to deal with any incident of fraud, corruption, theft or maladministration reported or escalated to them.

#### Group Executive: Legal, Governance and Regulatory

The group executive: Legal, Governance and Regulatory has an overall responsibility for the SABC's response to fraud, corruption, theft or maladministration. It is the responsibility of this officer, in collaboration with the chief audit executive, through forensic audit, to oversee the action taken to investigate any complaint about anything that is fraudulent or corrupt in nature.

All members of the Board are required to act in accordance with the SABC's Code of Conduct and Ethics and have a duty to deal with any incident of fraud, corruption, theft, and maladministration reported or escalated to them.

The group executive: Legal, Governance and Regulatory - as an executive responsible for the Anti-Fraud & Corruption and Whistleblowing policies - together with the chief audit executive are the group custodians of the overall anti-fraud and corruption strategy.

#### Chief Audit Executive

The chief audit executive plays a vital role in the prevention and detection of fraud, corruption, theft, misconduct, unethical behaviour and maladministration. Included in their risk-based plans, inter alia, are reviews of systems for financial control measures, specific fraud and corruption investigations and the referral of matters which are of a criminal nature to external agencies such as the South African Police Services (SAPS) and the National Prosecution Authority (NPA). The implementation of this strategy should identify fraud related risks within the organisation to enhance the overall risk control environment. The chief audit executive shall investigate all cases of suspected irregularities in accordance with this Plan and make recommendations to the group executives to make changes and improve on their procedures to prevent further losses to the SABC.

All investigations into fraud, corruption, theft and maladministration activities shall be undertaken, through forensic audit, by GIA, which has powers that allow them access to various records and other information which may be deemed relevant. GIA is empowered to source the services of external service providers or persons with the relevant skill set as and when considered appropriate.

#### Group Executives, Senior Managers and Managers

Senior management should be committed to eradicating fraud, corruption, theft, misconduct, unethical behaviour and maladministration and should ensure that the SABC strives to be ethical in all its dealings with the public and other related parties.

Senior Management, under the guidance of group executive: Legal, Governance and Regulatory, will ensure that it does not become complacent in dealing with fraud, corruption, theft, misconduct, unethical behaviour and maladministration. It will ensure the SABC's overall fraud and corruption strategy is reviewed and updated annually. The SABC should communicate the overall fraud and corruption strategy through various initiatives for awareness and training programs to the employees and stakeholders.

The day-to-day responsibility for the prevention and detection of fraudulent and/or corrupt activities rests with management. This includes the responsibility for

identifying the risks to which systems, operations and procedures are exposed, establishing and maintaining adequate system control measures within their respective business units and/or divisions. Management should also ensure that employees are aware of their responsibilities towards the prevention of fraud and/or corruption and comply with the control measures in place. Management is responsible for implementing the requirements of the SABC's overall strategy for combating fraud, corruption, theft, misconduct, unethical behaviour and maladministration. In support of this process, policies and procedures will be disseminated to SABC stakeholders.

It is the responsibility of management to ensure that there are mechanisms in place within their business unit (area of control) to:

- (i) Assess the risk of fraud, corruption, theft, misconduct, unethical behaviour, and maladministration;
- (ii) Assess general aspects relating to the SABC's level of security and internal controls;
- (iii) Ensure appropriate segregation of duties or mitigating controls are in place where segregation of duties is not possible;
- (iv) Promote employees' awareness of ethical principles subscribed to by the SABC; and
- (v) Educate employees about fraud and corruption prevention and detection as well as the grave consequences of fraudulent, corrupt, thieving and maladministration activities.

Management shall be supported by relevant services/structures within the SABC, such as the group executive: Legal, Governance and Regulatory and chief audit executive, and including but not limited to other governance committees.

It is the responsibility of management to actively support and encourage activities aimed at prevention and detection of fraudulent, corrupt, thieving and maladministration activities, and to ensure that this responsibility extends to the areas of organisational responsibility. For this purpose, they should incorporate into the annual planning process, inter alia, fraud, corruption, theft and maladministration control plans, awareness programmes and training.

As soon as management suspects fraudulent, corrupt, thieving and maladministration activities, they must in all instances seek advice from the group executive: Legal, Governance and Regulatory and chief audit executive or report it to the Hotline before proceeding with any enquiries.

#### Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee is to assist the Group Executive Committee with the overall monitoring and evaluation of fraud and corruption risks, governance and compliance for proper implementation of the SABC's Fraud and Corruption Prevention Strategy. The Governance, Risk and Compliance Committee will be chaired by the group executive: Legal, Governance and Regulatory and consist of the following representatives, viz:

- (i) Chief Audit Executive;

- (ii) Head: Governance, Risk & Compliance;
- (iii) Manager: Governance;
- (iv) Manager: Forensic Audit; and
- (v) Divisional Governance, Risk & Compliance Champions.

The Governance, Risk and Compliance Committee shall meet at least once a quarter to:

- (i) Co-ordinate the assessment of fraud and corruption risks;
- (ii) Monitor progress made in respect of implementing the fraud and corruption strategy; and
- (iii) Review the fraud and corruption trends and incorporate them into the awareness programmes.

#### Board Audit and Risk Committee

The role of the Board Audit and Risk Committee is to oversee the SABC's approach to fraud and corruption prevention and detection strategies, and its response to incidents reported by employees or other external parties.

#### Human Resources

Human Resources shall provide advice to the executive and management regarding suspensions and disciplinary proceedings. This includes all matters covered in labour laws and the SABC's policies and procedures.

#### Employees

Employees are governed in their work by the Personnel Rules and Regulations, as well as all SABC policies and procedures. These should be issued to the employee on commencement of employment with the SABC. Employees have the responsibility to familiarise themselves with the contents of the policies and procedures, as well as to follow the instructions issued to them by management. Employees are expected to always be aware of the possibility that fraud, corruption, theft and maladministration may exist in the workplace and be able to share their concerns with management.

Employees should ensure that they avoid situations where there is a potential for a conflict of interest. They have a responsibility to report suspicions of fraudulent and/or corrupt activities to the Hotline or the chief audit executive or to the group executive: Legal, Governance and Regulatory.

#### Legal advisors

Legal advisors shall be contacted, where appropriate, to advise and act on relevant legal proceedings.

#### ASSESSMENT OF FRAUD AND CORRUPTION RISKS

The SABC, under the guidance of the group executive: Legal, Governance and Regulatory and with input from the Governance, Risk and Compliance Committee, will conduct annual fraud and corruption risk assessments to identify potential fraud and corruption risk exposures to the SABC. This process will ensure that actions to address the identified fraud and corruption

risk exposures will be implemented to reduce the exposures.

The above will be formulated into a "Fraud and Corruption Risk Assessment", which will provide an indication of how fraud and corruption risks are manifested, and a "Fraud and Corruption Risk Register", which will prioritise the fraud and corruption risks and indicate actions to mitigate these risks.

#### EMPLOYEE AWARENESS

The main purpose of fraud and corruption awareness campaigns (including workshops, training interventions and other awareness initiatives) are to assist in the prevention, detection and reporting of fraud, corruption, theft and maladministration by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will be trained in the following:

- (i) Introduction to fraud and corruption trends and statistics;
- (ii) Awareness of anti-fraud and corruption legislation;
- (iii) The SABC's zero tolerance towards fraud, the contents of the SABC's Anti-Fraud and Corruption Policy and what the SABC is doing to reduce the occurrence of fraud and corruption in the organisation;
- (iv) The Whistleblowing Policy;
- (v) How to report incidents of fraud and corruption, which will include how to use the Hotline;
- (vi) Current developments in fraud and corruption schemes;
- (vii) Red flags to identify fraud and corruption; and
- (viii) The penalties for non-compliance with prevailing legislation.

#### OPERATIONAL APPROACH

##### Internal controls

Internal controls are the first line of defence against fraud, corruption, theft and maladministration. Whilst internal controls may not fully protect the SABC against fraud and corruption, they are essential elements in the overall fraud and corruption prevention strategy.

All areas of operations require internal controls, for example:

- (i) Physical controls (securing of assets);
- (ii) Restricted access controls (systems password controls);
- (iii) Authorisation controls (approval of expenditure);
- (iv) Supervisory controls (supervising day-to-day issues);
- (v) Segregation of duties;
- (vi) Analysis of data;
- (vii) Monthly and annual financial statements; and
- (viii) Monthly reconciliation of bank statements.

GIA is responsible for developing and implementing a risk-based internal audit plan. GIA provides assurance on risk management, internal controls and governance processes. GIA evaluates the internal controls and concludes on their adequacy and operational effectiveness. Corporate governance is the systems and processes an organisation has in place to protect

and enhance the interests of its diverse stakeholder groups. This area posed a huge challenge historically and as such internal auditors are taking a more holistic view of corporate governance and are aligning internal audit skills and activities to assess, improve and monitor the SABC's corporate governance capabilities.

#### PREVENTION STRATEGIES

Several combined initiatives result in an overall preventative environment in respect of fraud and corruption. These include the following:

##### Employee Awareness Campaigns

As per Section 2.1.3 above.

##### Conducting Fraud and Corruption Surveys

The SABC will from time to time consider conducting perception surveys amongst the staff to determine the employees' views on the prevalence of fraud and corruption in the organisation and their views on the effectiveness of the fraud and corruption prevention mechanisms in place.

#### PRE-EMPLOYMENT AND DURING EMPLOYMENT SCREENING

Consensual pre-employment screening will be conducted for all appointments and evidence of such screening will be maintained by the Human Resources Division. Consideration should be given to the following pre-employment screening:

- (i) Verification of identity;
- (ii) Criminal history;
- (iii) Reference checks with the two most recent employers – this will normally require telephone contact;
- (iv) Credit reference checks;
- (v) National Intelligence Agency (NIA) clearance for executives;
- (vi) A consideration of any gaps in employment history and the reasons for those gaps; and
- (vii) Verification of formal qualifications claimed.

The SABC's policy of pre-employment screening will cover all new and promoted employees, including those with administrative responsibilities or computer access. The screening will be performed by a person/people nominated by Human Resources to ensure that screening is consistent and appropriately resourced throughout all departments. Screening will be conducted in accordance with the classification of the employee, or the levels of screening outlined below.

Where an employee is promoted into a management position and has not been screened during the previous three years, the applicant will be re-screened. The levels of screening include:

**Level 1** – All employees (including those with administrative functions or computer access)

- (i) Verification of educational qualifications;
- (ii) Declaration of any financial interests in any entities outside the SABC; and
- (iii) Criminal history checks (after authorisation has been obtained from the prospective employee).

Level 2 – All cost centre owners, IT, and finance staff  
(i) All Level 1 checks; and  
(ii) Credit reference check.

#### RECRUITMENT PROCEDURE

Recruitment will be conducted in accordance with the requisite recruitment procedure. It will be a transparent process and all appointments will be confirmed only after due recommendation. Any person involved in any decision-making during the recruitment process, who may have a conflict of interest, must declare such a conflict in writing to the Human Capital Services and withdraw from any further procedures.

#### RISK-BASED INTERNAL AUDIT PLAN

A robust risk-based internal audit plan, which focuses on the prevalent high fraud and corruption risks, serves as an effective preventative measure. The internal audit department will compile such a plan on an annual basis, and such a plan will also include “surprise audits” as and when warranted.

#### FRAUD AND CORRUPTION PREVENTION PLAN

The actions set out in this plan are all focused at mitigating the risk of fraud and corruption in the SABC.

#### DISCLOSURE OF INTERESTS

The SABC employees are required to disclose their business interests on an annual basis, as required by the Conflict-of-Interest Policy. A conflict-of-interest register will be kept by the company secretary.

#### MAINTAINING A GIFT REGISTER AND GIFT POLICY

The SABC’s Gift Declaration Policy covers the following key issues:

- (i) An employee may not abuse his/her position to obtain private gifts or benefits;
- (ii) An employee may not accept any gift or benefit under circumstances that can be construed as a bribe;
- (iii) An employee who is aware of family members and/or friends receiving gifts must declare it in the gift register. The Gift Declaration Policy specifies the value of gifts that must be declared;
- (iv) Where and to whom to declare the gift; and
- (v) Action will be taken if an employee accepted a gift and failed to declare it.

A gift register is maintained, and all gifts received by an employee and his/her family members/friends should be entered in this register. The company secretary should review the register annually.

Where gifts of a significant value are offered to an employee, or where the circumstances of receiving the gift can be construed as a bribe or may influence the employee in the way he performs his duties or makes decisions, the employee must be informed not to accept the gift or to return it.

Where necessary, the SABC will investigate the circumstances and reasons for the offering of the gift.

The gift register is kept in a secure and safe place.

The SABC will regularly remind employees to declare all gifts received.

#### DETECTION STRATEGIES

Detection of fraud and corruption may occur through:

- (i) Vigilance on the part of employees, including line management;
- (ii) The internal audit function;
- (iii) External audits;
- (iv) Ad hoc management reviews;
- (v) Anonymous whistleblower reports; and
- (vi) The application of detection techniques (manual or electronic).

The group executive: Legal, Governance and Regulatory will be responsible for developing detection strategies and will work closely with line management and the GIA function for this purpose.

#### INTERNAL AUDIT

Like the prevention strategies, a robust risk-based internal audit plan that focuses on the prevalent high fraud and corruption risks also serves as an effective detection measure. As part of the detection strategy, the internal audit plan will cover the following:

- (i) Surprise audits: Ad-hoc audits conducted on specific business processes throughout the year;
- (ii) Post-transaction reviews: A review of transactions after they have been processed and completed can be effective in identifying fraudulent or corrupt activity. In addition to the possibility of detecting fraudulent transactions, such a strategy can also have a significant fraud prevention effect as the threat of detection may be enough to deter a staff member who would otherwise be motivated to engage in fraud and corruption;
- (iii) Forensic data analysis: The SABC’s computer system is an important source of information on fraudulent and sometimes corrupt conduct. Software applications will be used during internal audits, surprise audits and post-transaction reviews to assist in detecting any fraud and corruption; and
- (iv) Management accounting reporting review: Using straightforward techniques in analysing the SABC’s management accounting reports, trends can be examined and investigated which may be indicative of fraudulent conduct. Some examples of the types of management accounting reports that can be utilised on a compare and contrast basis are:
  - a) Budget reports for each business unit/section; and
  - b) Reports highlighting unusual trends in bad or doubtful debts.

Remote working, macroeconomic shifts, and structural changes have heightened existing risks and created new ones, for example relating to remote supervision and training. The audit function had to refocus on areas that may not have been considered high risk previously. Owing to the impact of the pandemic on work patterns, some audits necessitated additional

rigor. Protocols for information security, for example, traditionally leverage technology controls to prevent improper access. GIA will continue to be a strategic partner of the SABC in ensuring enhanced internal controls, robust risk assessments and strengthened governance processes.

#### EXTERNAL AUDIT

The SABC recognises that the external audit function is an important control in the detection of fraud. The chief financial officer will need to hold discussions with all engaged external auditors to ensure that consideration is given, by the auditors, to ISA 240 “The Auditors’ Responsibility to Consider Fraud in the Audit of a Financial Statement”. However, overall responsibility to detect fraud lies with management, and the burden of fraud detection should not lie with the external auditors.

#### THE RESPONSE STRATEGIES

##### Whistleblowing Policy

One of the key obstacles to fighting fraud, corruption, theft and maladministration is the fear by employees of being intimidated to identify or “blow the whistle” on fraudulent, corrupt, or unethical practices witnessed in the workplace.

Often, those who do “blow the whistle” end up being victimised and intimidated. For this reason, the SABC has adopted a Whistleblowing Policy that sets out the detailed procedure that must be followed to report any incidents of fraud, corruption, theft and maladministration.

Any suspicion of fraud, corruption, theft and maladministration will be treated seriously and will be reviewed, analysed and, if warranted, investigated. If an employee becomes aware of a suspected fraud, corruption or any irregularity or unethical behaviour, such issues should be reported in terms of the Whistleblowing Policy.

##### Investigating Fraud and Corruption

If fraud or corruption is detected or suspected, investigations will be initiated and, if warranted, disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated.

##### Disciplinary Proceedings

All disciplinary proceedings should take place in accordance with the procedures as set out in the disciplinary code.

##### Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the SABC will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and prosecution. Such reports will be submitted by the chief audit executive to the South African Police Service or other appropriate law enforcement agency in accordance with the requirements of all applicable acts. The SABC will give its full co-operation to any such law enforcement agency, including the provision of reports compiled in respect of investigations conducted.

## Recovery Action

Where there is unambiguous evidence of fraud or corruption and there has been an economic loss to the SABC, recovery action - criminal, civil or administrative - will be instituted to recover any such losses.

In respect of civil recoveries, costs involved will be determined to ensure that the cost of recovery is financially beneficial.

## Internal Control Review After Discovery of Fraud

In each instance where fraud is detected, the business unit/divisional manager, together with Internal Audit and Group Legal, Governance and Regulatory, should reassess the adequacy of the current internal control environment (particularly those controls directly impacting on the fraud/corruption incident) to consider the need for improvements. The responsibility for ensuring that the internal control environment is re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with the business unit/divisional manager.

## THE MAINTENANCE APPROACH

### Review of the Effectiveness of the Fraud and Corruption Prevention Strategies

The SABC should conduct a review of the fraud and corruption strategy and prevention plan annually to determine the effectiveness thereof. The group executive: Legal, Governance and Regulatory shall be responsible for this review.

### Review and Updating of the Fraud and Corruption Prevention Strategies

A central part of any fraud, corruption, theft and maladministration control programme should involve an ongoing review of fraud and corruption risk exposures. Fraud and corruption risk assessments will also be conducted annually at the same time as the review of the fraud and corruption strategy and prevention plan.

## PART B: FRAUD AND CORRUPTION RESPONSE PLAN

### Introduction

The aim of the Fraud and Corruption Response Plan is to clearly indicate to each SABC employee or third party the process to follow once the suspicion of fraud, corruption, theft and maladministration becomes known. It also provides guidance to the individual to whom the report of fraud, corruption, theft or maladministration is made.

### WHEN FRAUD IS SUSPECTED

#### If an Employee Suspects Fraud or Corruption

Any employee who suspects or becomes aware of any irregularity is encouraged to report his/her suspicion directly to either:

- (i) The SABC Whistleblowing Hotline;
- (ii) Chief Audit Executive; or
- (iii) Group Executive: Legal, Governance and Regulatory.

Employees are encouraged not to discuss the

suspected irregularity with colleagues as this might prejudice the success of the investigation.

Employees should not approach or confront the suspected individual/s and should also not endeavour to locate or remove records and documents relevant to the suspicion.

#### If a Supplier or Other Third-Party Suspects Fraud or Corruption

Any supplier or other external party who suspects or becomes aware of any irregularity is encouraged to report his/her suspicion directly to either:

- (i) The SABC Whistleblowing Hotline;
- (ii) Chief Audit Executive; or
- (iii) Group Executive: Legal, Governance and Regulatory.

For the purposes of enabling such reporting, the SABC has implemented an anonymous hotline reporting service.

Persons are encouraged not to discuss the suspected irregularity with any other person as this may prejudice the outcome of the investigation.

#### Process to be Followed if Allegation of Fraud and Corruption is Reported to the Supervisor or Any Other Management Member

Any disclosure of fraud, corruption, theft or maladministration made by an employee would be a protected disclosure provided that such disclosure is made:

- (i) In good faith and without any improper motives or malicious intent;
- (ii) To a legal practitioner or to a person whose occupation involves the giving of legal advice;
- (iii) To the SABC in accordance with the prescribed procedure or procedure authorised by the SABC;
- (iv) To a body or body of persons prescribed by the SABC.

Great care needs to be taken when conducting investigations of suspected fraudulent and/or corrupt activities which fall within the definition as included in the Fraud and Corruption Prevention Policy, to avoid unsubstantiated accusations or the alerting of individuals against whom an allegation has been levelled that the matter has been raised and an investigation is underway.

The supervisor of the informant or any other management member who becomes aware of the allegations of fraud, corruption, theft or maladministration is required to report the matters to the chief audit executive within 48 hours of his or her acquiring knowledge of the matter or, in cases where this is not practicable, as soon as possible. Forensic Audit shall conduct a preliminary investigation into the complaint, to determine the legitimacy of the complaint. If the complaint is found to be legitimate, Forensic Audit should report back to the chief audit executive to decide on further action.

### SABC WHISTLEBLOWING HOTLINE

Once a suspicion has been reported through the hotline, the hotline administrator will inform the chief audit executive and the manager: Forensic

Audit. Forensic Audit will perform a preliminary investigation into the complaint.

Confidentiality concerning the informant/s and information shall be maintained at all stages.

### Procedures For Investigations

Suspected fraudulent, corrupt, stealing and maladministration activities should be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the SABC and the rights of the suspected individual. The investigation process shall vary according to the circumstances of each case, and this shall be determined by the chief audit executive.

The investigation process shall involve the use of authority or delegated powers to:

- (i) Screen allegations or information to gauge their credibility;
- (ii) Secure all evidence;
- (iii) Interview suspects;
- (iv) Interview witnesses;
- (v) Take statements; and
- (vi) Consult with departments or other agencies (Including the relevant SAPS and/or NIA or other appointed persons).

The chief audit executive shall appoint an investigating team, which shall normally comprise staff from within Forensic Audit but may be supplemented with other resources from within the SABC or from outside. Where the initial investigation reveals that there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. The decision shall be taken by management in consultation with the chief audit executive and the group executive: Legal, Governance and Regulatory.

The chief audit executive shall keep the group executive: Legal, Governance and Regulatory informed of the progress of the investigation and any further developments. On completion of the investigation, the chief audit executive shall prepare a full written report setting out:

- (i) Background as to how the investigation came about;
- (ii) What action was taken in response to the allegation;
- (iii) The facts that became known and the evidence in support;
- (iv) Action taken against any party where the allegations were proved;
- (v) Action taken to recover any losses; and
- (vi) Recommendations and/or action taken by management to reduce further exposure and to minimise or eradicate any recurrence (in both instances where allegations were proved and those where it was not).

A copy of the forensic audit outcome is shared with the relevant management within the impacted business unit/area. On a quarterly basis, a disposition report detailing a summary of

the investigations performed during the quarter and new matters/cases received are shared with the Executive Committee, Board Audit, and Risk and Social and Ethics Committees. To provide a deterrent to other staff members, a brief and anonymous summary of the circumstances shall be intrepidly published.

All suspected fraud and corrupt activities involving amounts of R100k and higher, as guided by the PRECCA, will be reported by the chief audit executive to the South African Police Services and any other law enforcement agencies as is deemed necessary.

## DISCIPLINARY PROCESS

### Disciplinary Process for Employees

The chief audit executive in consultation with the group executive: Human Resources and the group executive: Legal, Governance and Regulatory shall ensure that appropriate documentation or facts have been achieved to permit:

- (i) Appropriate disciplinary action;
- (ii) Protection of witnesses where there is a need;
- (iii) Support of appropriate civil and/or criminal action;
- (iv) Preservation of the integrity of any criminal investigation and prosecution; and/or
- (v) Avoidance of any unnecessary litigation.

All persons concerned must co-operate fully with SAPS and NPA, including reporting to such agencies and support of prosecution where necessary.

All disciplinary action should be in accordance with the Disciplinary Code of Conduct and Grievance Procedures.

### Disciplinary Process for Members of the Board

If any member of the Board is required to attend disciplinary action to answer to allegations of fraudulent, corrupt, thieving or maladministration activities, the allegations will be handled by the chairperson of the Board.

All disciplinary action should be in accordance with the Disciplinary Code of Conduct and Grievance Procedures.

### Initiation of Recovery Action

The SABC shall take appropriate steps, including legal action, to recover any losses from fraudulent, corrupt, thieving and maladministration activities or any other wrongful act. This may include action against third parties involved in fraudulent and/or corrupt activities or any other wrongful act, or whose negligent actions contributed to such acts.

The chief audit executive, in consultation with the group executive: Legal, Governance and Regulatory, shall make recommendations to the Board as to the procedures to be adopted if the SABC seeks compensation for all losses incurred by:

- (i) Obtaining compensation orders in criminal cases;
- (ii) Taking civil proceedings to obtain a judgment;
- (iii) Making deductions from superannuation contributions;

- (iv) Arranging voluntary payments;
- (v) Considering any insurance claim; and/or
- (vi) Considering any other lawful means of recovery.

Where it is considered appropriate that the matter is not reported to the police, the SABC reserves its right to pursue a range of other remedies, including appropriate disciplinary action. Any disciplinary action pursued will be done in accordance with the disciplinary procedures.

Exit interviews and exit checklist procedures will be performed in the event of dismissal from the SABC for misconduct or fraud. This is necessary to ensure that factors contributing to misconduct and fraudulent activity by employees can be managed as a process to mitigate fraud and corruption risk.

### Liaison with the South African Police Services and/or National Prosecution Authority

Any decision to refer a matter to the Security State Agency (SSA) and/or the South African Police Services (SAPS) shall be taken by the chief audit executive in consultation with the group chief executive officer and the group executive: Legal, Governance and Regulatory.

All employees shall co-operate fully with the SSA and/or SAPS. Any internal investigation or disciplinary process may be conducted in conjunction with any SSA and/or SAPS investigation.

Fraud or corruption involving any SABC employee, including a member of the Board, equivalent to or above R100 000, will be referred to the South African Police Services as provided for by legislation (PRECCA).

Members of the public, consultants, vendors, contractors, outside agencies conducting business with the SABC employees and/or any other parties with a business relationship with the SABC who defraud the SABC shall be referred for criminal prosecution.

Any decision not to refer an allegation of fraud or corruption to the police for investigation (where there is sufficient evidence to justify making such a report) will be referred to the Board Audit and Risk Committee, together with the reasons for the decision.

Responsibility for complainant statements lodged with SAPS will be assigned on a case-by-case basis by GIA in consultation with the investigator.

### Documentation of the Results of the Investigation

The appointed investigator is to submit a written report to the chief audit executive, detailing the circumstances and findings, and recommending appropriate remedial action following the investigation.

### Other Matters

The group executive: Legal, Governance and Regulatory, in conjunction with the chief audit executive, will provide the details of fraud, corruption, theft and maladministration or fraud and/or corruption to the Board Audit and Risk Committee.

In each instance where fraud, corruption, theft or maladministration is detected, the SABC shall reassess the adequacy of the internal control environment (particularly those controls directly impacting on the fraud and corruption incident) and consider the need for improvements. Where improvements are

required, they should be implemented as soon as is practicable.

## Annexure D: Significance and Materiality Framework 2023/2024

### Section 55 (2) of the PFMA.

#### Definitions and Interpretations

"Corporate plan" shall mean a corporate plan submitted annually in terms of section 52 of the PFMA

"DCDT" shall mean the Department of Communications and Digital Technologies

"Executive Authority" shall mean the Minister of Communications

"Accounting Authority" shall mean the board of directors of the South African Broadcasting Corporation

"PFMA" shall mean Public Finance Management Act No 1 of 1999

"TR" shall mean Treasury Regulations issued in terms of the PFMA

#### Purpose

The purpose of this framework is to:

Set out guidelines for significant transactions in terms of section 54(2) of the PFMA for which the SABC has to seek approval from the Minister of Communications and Digital Technologies as outlined in Table A.

1. Outlining a process to be followed and information needed to be submitted in support of an application in terms of section 54 (2) of the PFMA; and
2. Setting significance and materiality levels for transactions for the purposes of section 54 (2) of the PFMA.

#### Background

Section 54 (2) of the PFMA states that: "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 transactions:

- 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;
- f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.
- g) Section 55 of the Public Finance Management

Act (PFMA), 1 of 1999 requires the accounting authority of a public entity to submit to the executive authority responsible for that public entity:

- h) An annual report on the activities of that public entity during the financial year;
- i) The financial statements for that financial year after the statements have been audited; and
- j) The report of the auditors on those statements.

Paragraph 27.1.10 of the Treasury Regulations (TR) states that the audit committee of a public entity must:

- 1. report and make recommendations to the accounting authority;
- 2. report on the effectiveness of internal controls in the annual report of the entity; and
- 3. comment on its evaluation of the financial statements in the annual report.

In addition, TR paragraph 27.1.12 requires the audit committee to communicate any concerns it deems necessary to the executive authority and the auditors.

The executive authority may, based on the above information, decide to conduct further investigations into the activities of the public entity. It is therefore important that all reports include all material financial as well as non-financial information.

TR paragraph 28.3 states that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority. Although this paragraph refers to sections within the PFMA that specifically compel entities to report on certain material transactions and/or events, the framework should not be limited to these transactions and/or events.

The material and / or significant information specifically mentioned in the PFMA and TR is included below:

S55 (2) (b) (i) of the PFMA: "The annual report and financial statements referred to in subsection (1) (d) must –

- a) 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;*

TR 28.2.1: *"Any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the public entity."*

TR 29.1.1(f): *The corporate plan must cover a period of three years and must include –*

- f) a materiality / significance framework, referred to in Treasury Regulation 28.3.1"

### General Obligations of the Parties

The parties agree that:

- 1. The SABC shall follow the procedures as set out in this framework in making an application for approval for significant transactions.
- 2. For the purpose of the guidelines and transactions listed in the table below, qualitative and quantitative guidelines may either be applied concurrently or separately as the context requires.
- 3. In so far as the quantitative guidelines relating to the total assets, total revenue and profit after tax are concerned, as the case may be, where Rand values are used, these may be adjusted annually in accordance with the information contained in the latest annual financial statements.

### Procedure for Notification or Application for Approval

#### PHASE ONE: PRE-NOTIFICATION

- 1. In so far as significant transactions are covered in the corporate plan that will serve as pre-notification for an in-principle approval, provided that all the information required in terms of 6.1.3 is fully set out in the corporate plan.
- 2. In so far as the significant transactions are not covered in the corporate plan, SABC shall notify the Minister of Communications and Digital Technologies by a letter seeking in-principle approval.
- 3. The letter shall contain the following information:
  - 3.1 SABC's objectives in wanting to pursue the transaction and its relation to the core business of the entity.
  - 3.2 The anticipated transaction process, phases, milestones and timelines.
  - 3.3 The profile of interested parties, sellers, purchasers and information regarding any unsolicited expression of interest received (where applicable).
  - 3.4 The impact of the transaction on the SABC and government.
  - 3.5 The DCDT shall consider the application for in-principle approval and advise the SABC, in writing and within 30 days, whether or not the in-principle approval has been granted.

#### PHASE TWO: FINAL APPLICATION FOR APPROVAL

- 1. The SABC shall, upon finalising the significant transaction's details and structure, apply to the Executive Authority in writing for approval of the transaction.
- 2. The application shall include a certified board resolution and an information pack containing the materials on which the Board based its resolution. The company secretary or duly delegated official shall sign the extracts on behalf of the Board.
- 3. The DCDT shall then determine whether the SABC's Board has considered the following:
  - 3.1 Compliance with applicable laws.
  - 3.2 Financial viability (i.e. cash flow analysis; estimates of future revenue; investment analysis vs. investment framework; fair value of the transaction).
  - 3.3 Risks pertaining to the proposed transaction and strategies to mitigate those risks.
  - 3.4 The SABC shall attach the Board resolutions to the

final application and submit these directly to the National Treasury.

- 3.5 The DCDT shall, on receipt of the application for final approval, consider the following:

- 3.5.1 Whether the Board has complied with the list of considerations outlined above, as well as an applicable legislation in respect of each transaction.
- 3.5.2 Whether, on the basis of the information received, the transactions are financially viable or whether the SABC will achieve fair value through the specified transaction.
- 3.5.3 All material liabilities (actual or contingent) and risks resulting from the transactions.
- 3.5.4 Industry and/or sector impact and considerations; and
- 3.5.5 Whether the Board has established strategies and/or measures to mitigate any risk identified in the transaction.

- 3.6 The DCDT shall use its best endeavours to process the application timeously, within 30 days of receipt as specified in section 54(3) of the PFMA, and advise the SABC if the transaction cannot be processed within this time period.

- 3.7 Should the DCDT require further information from the SABC in order to process and finalise the application, the 30-day period shall be extended by such period as it takes for the DCDT to receive the information.

- 3.8 The DCDT shall advise the SABC in writing whether the application has been approved or not approved.

- 3.9 Should approval not be granted, the DCDT shall furnish reasons in writing for not approving the transaction.

#### PHASE THREE: POST APPLICATION PRINCIPLES

- 1. The SABC shall report on a quarterly basis on the progress made in executing the transaction and the fulfilment of any conditions that were part of the approval.
- 2. Should the transaction not be concluded within the time frames of approval, the SABC should provide the DCDT with a report detailing the reasons.
- 3. Should the SABC make an application or submit reports to the regulatory authorities, it will furnish a copy of such to DCDT for information purposes.

#### Materiality

- 1. The SABC has adopted International Financial Reporting Standards (IFRS) as a recognised reporting framework. Materiality in the context of IFRS is similar to Generally Recognised Accounting Practice (GRAP) (applied in terms of public sector reporting on the Presentation of Financial Statements). It states that information is material if its non-disclosure could influence the decision-making and evaluations of users about the allocation and stewardship of resources, and the performance of the entity, made on the basis of the financial statements. A misstatement or omission is material if it could also influence the decisions or assessments of users.

2. Assessing materiality depends on the size and nature of the omission or misstatement judged in the particular circumstances. In addition, the characteristics of the users of the information must be considered. Users are assumed to have a reasonable knowledge of accounting, the business and economic activities of the entity and possess a willingness to study the information with reasonable diligence. The assessment should therefore take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

## Factors Considered in Determining the Materiality Levels

### NATURE OF THE COMPANY'S BUSINESS

1. The nature of the SABC's business may have an impact on the framework. The company should be guided by its public accountability and the sensitivity of its account, activities and functions regarding matters of public interest.
2. The materiality framework also impacts on the information reported to its Executive Authority because the reported information influences the decisions and actions taken by the executive authority.

## STATUTORY REQUIREMENTS

The framework could be influenced by considerations such as the legal and regularity requirements. The SABC should therefore consider all the appropriate laws and regulations when developing the framework.

### RISK ASSOCIATED WITH THE COMPANY'S BUSINESS

There is an inverse relationship between materiality and the level of risk. The lower the risk, the higher the materiality level, and vice versa. The SABC needs to take into account various risks when developing a materiality framework. This could include:

Risk	Explanation
Operational risk	The risk arising from the day-to-day operational activities which may result in a direct or indirect loss
Liquidity risk	The inability of the SABC to meet obligations when they are due
Credit risk	The risk that a borrower or debtor fails to meet the obligation when the obligation is due
Human resources risk	The risk that adequate quantities of appropriate qualified and skilled staff and resources are not available within the SABC
Legal and documentation risk	The risk that a transaction or contract could not be consummated because of some legal barrier
Regulatory and compliance risk	The risk of incurring penalties or restrictions as a result of non-compliance with legal requirements
Information risk	The risk that confidentiality will be breached, or that information will not be available when required
Insurance risk	The risk that the SABC is not adequately insured against losses or claims
Technology risk	The risk that systems are not adequately monitored, accounted for or serviced to deliver a service
Reputational risk	The risk of damaging the SABC's image

## QUANTITATIVE AND QUALITATIVE FACTORS

1. When setting the framework, the SABC should take both quantitative (amount) and qualitative (nature) factors into consideration. Quantitative factors relate to the size of the company or

the value of an item vis-a-vis the value of the financial statements. The two aspects that should be considered when determining the materiality figure is first the amount of the item in relation to the financial information, and second, the special

characteristics of the item.

2. As a guide, the Rand amount (before any qualitative adjustments) may be calculated as follows:

Element	% range to be applied against Rand value in AFS	SABC Rand value applied per 2021/22 AFS (rounded) - Audited
Total assets	1% - 2%	R55m - R110m
Total revenue	0.5% - 1%	R25m - R50m
Surplus / Deficit	2% - 5%	R4m - R10m

3. From the SABC's perspective, quantitative materiality is set at R60 million.

4. Notwithstanding the qualitative materiality amount above, the Board has assessed the materiality amounts to be

- o Every amount in respect of criminal conduct;
- o R60 million and above for irregular fruitless and wasteful expenditure arising from gross negligence; and
- o R4 million and above being 2% of the surplus or deficit for any other irregular, fruitless and wasteful expenditure.

5. From the SABC's perspective, significance level is set at R60 million for every transaction covered in section 54 (2) of the PFMA.

6. Qualitative materiality focuses on the inherent nature of the item under consideration.

These items do not necessarily influence the reasonableness of the financial statements, but due to their nature they are of importance to the users of the financial statements. The following factors could be taken into consideration when determining qualitative materiality:

- a) Statutory requirements: compliance with legislative requirement, regulations, policy control measures, procedures, instructions and authorisation (including budgets) which reasonably have direct financial impact;
- b) Unusual items: items that are of a non-recurring or exceptional nature or arise from unusual circumstances;
- c) Degree of estimation: the risk of material misstatement;
- d) Related amounts: the relationship of the item to other amounts that appear in the financial statements;

e) Critical points: an item that would otherwise be regarded as insignificant may, if corrected or disclosed, have a critical impact on the overall view; and

f) Disclosure requirements - deviations from accepted accounting practices.

## NATURE OF THE TRANSACTIONS

1. The SABC should consider the importance of the transaction (i.e. the transaction's impact on the company as a whole), as well as any possible impact the transaction could have on a decision or action taken by the SABC's Executive Authority in the development of the materiality framework.

2. A distinction should also be made between transactions that are operational in nature and transactions that are approved within a very specific framework: i.e. the annual budget, the company's corporate plan, or strategic plan.

## Evaluating the Framework

The significance and materiality framework must be updated annually before the start of the financial year, taking into account the results of the previous year's audit and any new developments in the Corporation.

The following additional qualitative and quantitative items are to be considered in establishing materiality:

No.	Reference	Nature of transaction	Qualitative guidelines	Quantitative guidelines
1	54 (2) (a)	Establishment or participation in the establishment of a company	Participation as a founding shareholder; or Having a right to acquire shares; or Having a right to nominate a director; or Where SABC commits to enter into a management contract in respect of the company	Any level of shareholding; or Any level of loan or quasi-equity finance obligation by the SABC arises; or The SABC commits to guarantee any obligations of the company (including financial performance guarantee) at any level
2	54 (2) (b)	Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Partnership, trust, unincorporated joint venture or similar arrangements that is established, located or intended to operate outside the Republic of South Africa; or The SABC's contribution in a partnership, trust, unincorporated joint venture or similar arrangements includes the SABC's proprietary intellectual property; or Participation in a partnership, trust, unincorporated joint venture or similar arrangement that may result in anti-competition behaviour and /or is subject to competition commission regulations	The SABC's contribution results in disposal / disbursement of assets in excess of 1% of the total assets; or The SABC enters into a long-term contract with the partnership, trust, unincorporated joint venture or similar arrangement in excess of 0.5% of the total revenue
3	54 (2) (c)	Acquisition or disposal of significant shareholding in a company	Acquisition of any level or shareholding in a company where such acquisition is not in pursuit of the SABC's core business; or Acquisition or disposal where the SABC's ownership control and right to pass or block a special resolution is affected; or Acquisition or disposal of any level of shareholding in a company domiciled outside of the Republic of South Africa	Acquisition or disposal of more than 20% of the issued shares in a company; or Where the SABC already owns shares in the company, and acquisition or disposal of the number of shares will give rise to a shareholding more or less than 20% of the issued shares in a company.
4	54 (2) (d)	Acquisition or disposal of a significant asset. (NB: for the purpose of this subsection, assets include both current and non-current)	Acquisition or disposal of assets that are located in a foreign jurisdiction. This, however, excludes office equipment and motor vehicles necessary to conduct business in a foreign jurisdiction; or Disposal of assets that have a potential impact on the continued ability of the SABC to do business or provide its core service; or Disposal of non-core assets in line with the SABC's strategy	Significance level is R60m
5	54 (2) (e)	Commencement or cessation of a significant business activity	Commencement or cessation of a business activity outside of the republic; or Cessation of a business activity where such cessation has or may have an adverse impact on its key stakeholders	Significance level is set at R60m
6	54 (2) (f)	A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement	Changes that affect SABC's ownership control type reserved through the trust deed, the partnership or joint venture agreement; or Change that involves the partnership, trust, unincorporated joint venture or similar arrangement commencing or ceasing to do business outside South Africa	Significance level is set at R60m

# Theme

In honour of Archbishop Desmond Tutu, who sadly passed away during the reporting period, the concept was based on his legacy and wisdom.

## **Heartbeat = Life = Purpose**

A vital unifying force represented by a pulse on a continuous line – that which links us – symbolic of the horizon or future and the impact a deed of kindness can bring.

It is the one thing that connects and unifies us all. It makes us human and for as long as our heart keeps beating we will have the ability to make a change – **positive change**.

We can **restore** things that are broken and **encourage** others through the way we act or conduct ourselves, especially towards others, to do the same.

**WE will continue to RISE BY LIFTING OTHERS.**

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