



SABC Parliamentar y Presentation

May 2011

Let us be the One.



Chairperson's Opening Statement

Although challenging, the past fiscal has seen the enterprise attain major achievements for the SABC

Board Stability

- Approved Corporate Calendar
- Approval of Corporate Plan
- Commenced with recruitment procedures for Executives:
 - GCEO
 - Internal Audit
 - Human Capital Services
 - Commercial Enterprises
 - Head of Marketing

Chairperson's Opening Statement

Governance

- All risk policies in place
- High level of compliance with Government Guarantee (GG) requirements
- Strong response to AG Report
- Corporate plan and performance contracts for executives complying with Government requirements in terms of policies
- Audit of performance has commenced
- SABC Annual report (FY09/10) completed and submitted in time, with no audit qualifications
- Corporate Plan (FY11-14) completed according to AG specification and submitted on time
- Shareholder Compact (FY10/11) completed and submitted to DoC

Chairperson's Opening Statement

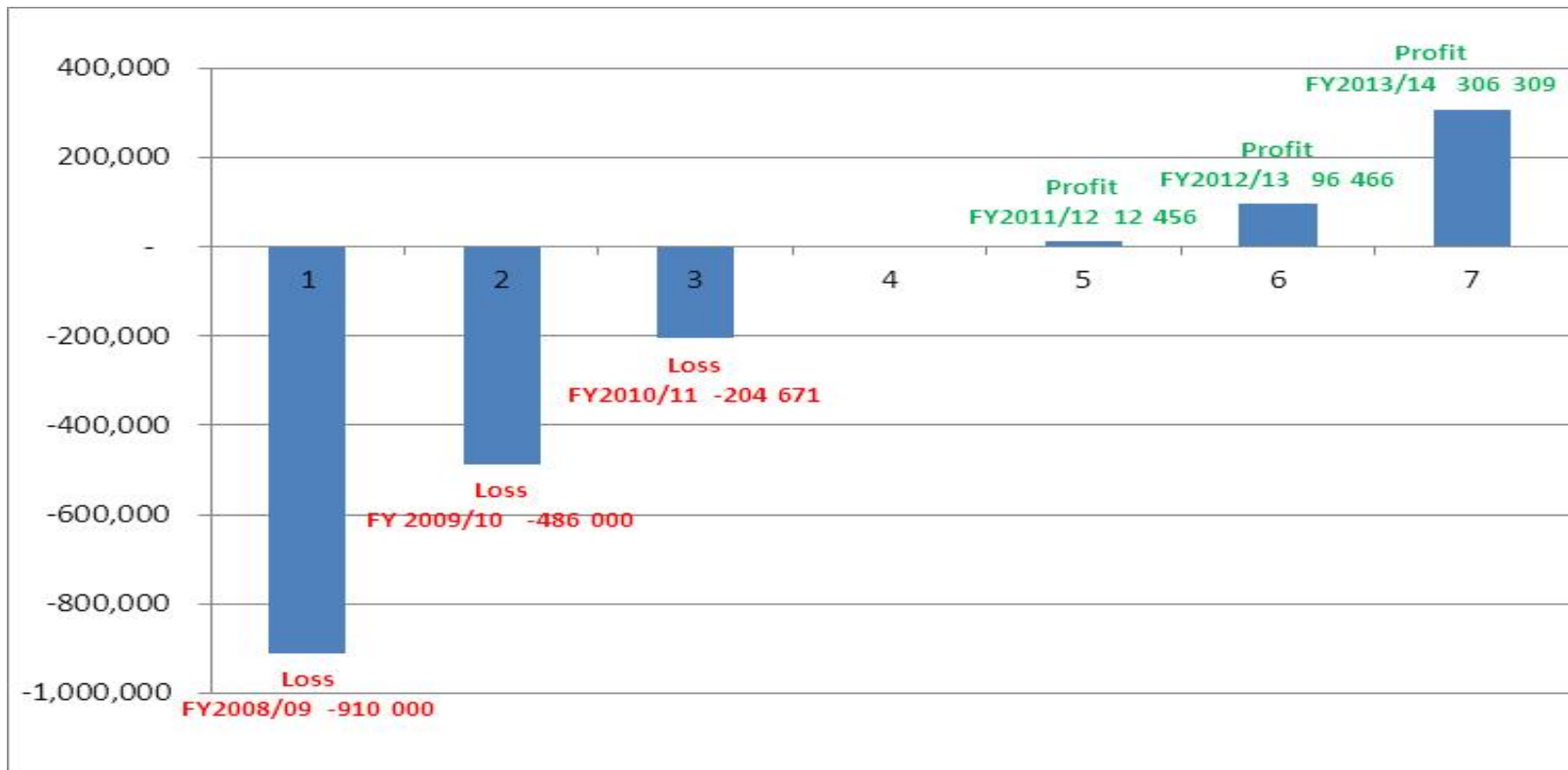
Financial

- Revenue
 - Revenue has grown by R1.2b over the past three years, translating to 26% growth
- Expenses
 - Expenses have increased by R506m over the past three years, translating to 9% increase. The percentage expense increase is significantly lower compared to the percentage growth in revenue
- Cash position for the past three years
 - Cash and cash equivalents have increased by R624m for the past three years translating to 4 249%

Chairperson's Opening Statement

Financial

- Profit & Loss
 - Net Losses have decreased by R705m over the past three years translating to 78% operational improvement.
 - The projected profit increase for the next three years, from 2011 - 2014 is R294m, translating into 96% growth.



Chairperson's Opening Statement

Strategic Goals Achieved:

- Turnaround Strategy approved and well on its way in implementation
- Improved financial position of the enterprise
- Plan of action established to address the recommendations contained in the AG Report
- The Board has adopted a set of Corporate Pillars that informs the SABC's Strategic Focus areas and operational plans
- Revised operating model and structure developed and being considered by the Board
- Performance contracts signed with all Executives for the 2012 fiscal

Chairperson's Opening Statement

Strategic Goals Achieved:

- Full risk management policies and strategies completed
- More stable labour relations with good communication channels established
- Digital media division established
- DTT infrastructure rollout approved
- Increased coverage to SABC services through the activation of low power transmitters . Some of the areas to have recently benefited from this mandated SABC project, include: Philippolis and Villiers in the Free State Province, Indermark in the Limpopo Province and Genadendal in the Western Cape

Chairperson's Opening Statement

Stakeholders

- Briefing to all political parties on Local Government Elections has been completed
- Consultations with The Ministry of Sport & Recreation and the Portfolio Committee on Sport as well as engagement with sporting bodies on the development of a new sport strategy for the SABC
- Commercial relationships stabilised
- International content suppliers relationships stabilised
- Local content relationships improving
 - Re-commissions have been taking place
 - New RFP Book is being finalised and will be fully funded
 - Residual payments to artists are being finalised
 - Residual payments to RISA, NORM and SARREL have been agreed, pending final arbitration

Chairperson's Opening Statement

Broadcasting Successes

- FIFA 2010 Soccer World Cup
- Delivery on language and local content mandate
- Celebration of 150 years of the arrival of Indians to South Africa
- India/South Africa cricket tournament
- Cricket World Cup
- Commenced coverage of Local Government Election campaign period
- Re-launched digital media platforms
- SABC is also an award winning broadcaster, collecting the most awards at the 2010 SAFTA Awards as well receiving a number of international awards

SABC Programming Delivering on Developmental State Objectives

Developmental Imperatives	SABC Content Theme	Programming
Economic/Social Policy and Public Service Delivery	<p>Programming that showcases the social agendas facing our society and tries to address some of the challenges encountered therein. Also highlighting the progress made on delivery of public services as well as the challenges still facing our economy</p> <p>Through expansion of the transmitter network citizens previously without broadcast services will gain services and therefore information</p>	<ul style="list-style-type: none"> • Kumbula'ekhaya • News & Current Affairs • Shift • One Day Leader • Special Assignment
Creating Economic Growth and Job Creation	Skills development, with a particular focus on skills that will aid the growth of South Africa and its citizens such as Science and Technology	<ul style="list-style-type: none"> • Hip 2b2 • Ispani • Matrics Uploaded • Ek Se La Le La
Reducing Poverty Levels	Through educational programming focused on Public, Formal and Early Childhood development; as well as information knowledge building, citizens are provided with content that informs, educates and entertains. Delivery thereof is on television, radio, internet and outreach	<ul style="list-style-type: none"> • Living Land • Mother of all Professions • Shift • Make Your Move • La Familiar • Public Service Announcements

SABC Programming Delivering on Developmental State Objectives

Developmental Imperatives	SABC Content Theme	Programming
Spurring Rural Development and Reform	Provision of programming that focuses on the developmental challenges facing rural communities, as well as assisting these communities on the up liftment of their lives and those of their communities	<ul style="list-style-type: none"> • Illitha Lethi • The Fallen • La Familiar • Moferefere Lenyalong • Walala Wasala • Public Service Announcements
Improving Health Sector	Driving awareness of health issues beyond HIV & Aids. Focused on both prevention, cure and management as well as prompting healthy living lifestyles	<ul style="list-style-type: none"> • Shift • Teen Convictions • Soul City • Addictions • Tshisa • Sport Programming
Improving Education Sector	Provision of educational support through broadcasting as well as provision of education support material at an outreach level	<ul style="list-style-type: none"> • Matrics Uploaded • Open University • In Debt
Crime	Highlighting the social challenges plaguing our communities which result in crime as well as the justice services offered aimed at reducing and prosecuting those responsible	<ul style="list-style-type: none"> • Streets of Mamuang • Sokhulu & Partners • Solving It • 90 Plein Street • Democracy Game Shop • Public Service Announcements

Agenda

1 Financial Overview

2 Turnaround Strategy

3 Business Review

4 Governance Review

5 Enterprise Strategy

Year End Forecast - 31 March 2011

Income Statement for year ended 31 March 2011				
	Government	FULL YEAR	Variance	% Change
	Guarantee targets	PROJECTIONS		
Revenue	R'm	R'm	R'm	
Advertising	3 501	3 340	161	5%
Sponsorship	607	519	88	14%
Trade exchange	99	60	40	40%
TV Licence fees	933	868	65	7%
Government Grants	208	282	-74	-36%
Less ENE Grant	-	-139	139	0%
Other revenue	137	134	3	2%
Content exploitation	84	39	45	54%
Websites	-	5	-5	0%
Other revenue	-	66	-66	0%
Total Revenue	5 569	5 173	396	
Expenses				
Amort. & Imp. Prog, Film, & Sports Righ	-1 476	-1 719	243	-16%
Amortisation of Computer Software	-	-69	69	0%
Impairm/(Reversal)Trade & Other Rec Credit notes	-	-6	6	0%
Broadcast Costs	-309	-246	-63	20%
Signal Distribution and Linking Costs	-495	-491	-4	1%
Employee Compensation	-2 004	-1 787	-217	0%
Depreciation and Impairment	-316	-212	-105	33%
Marketing Costs	-234	-102	-132	56%
Direct Licence Collection Costs	-194	-128	-66	34%
Professional and Consulting fees	-113	-158	45	-40%
Other Expenses - Operational	-324	-260	-65	20%
Other Expenses - Personnel Cost	-87	-33	-54	62%
Other Expenses - Administrative	-32	-67	35	-110%
Other (Profits)/Loss	-	-3	3	0%
Net Financing (Income)/Loss	-213	-93	-120	56%
Income Tax Expense	-	-2	2	0%
Total Expenses	-5 797	-5 376	-421	7%
Loss for the year	-228	-203	-25	11%

Summarised Reconciliation between the GG Targets and the SABC Financial Targets for Financial year ending 31 March 2011: Items not included in the GG targets compiled in 2009 financial year and included in the 2011 financial budget.

	Guarantee Targets for Financial year	Projections for 31 March 2011	Variance
Revenue	5 569 000	5 172 932	396 068
Expenses	-5 797 000	-5 376 272	-420 728
Net Loss for the year	-228 000	-203 340	-24 660
<i>[Reconciling items not included in the GG targets: Analysis of the GAP]</i>			
Revenue: Sponsorship	-		-35 000
: TV Licences*	-		-34 586
: Employee benefits and expenses*			
(i) Post Retirement Medical Aid**	-		-49 473
:-Actuarial loss	-		-12 372
:-Arrear past service cost	-		-12 242
:-Interest service cost	-		-24 859
(ii) Pension Fund	-		
:-Actuarial gain	-		19 945
Total value of items excluded from the GG targets and included in the FY 2010-2011 Financial targets	-		-99 114
Net Impact : True operational financial performance difference	-		-104 226

Summarised Reconciliation between the GG Targets and the SABC Financial Targets for Financial year ending 31 March 2012: Items not included in the GG targets compiled in 2009 financial year and included in the 2012 financial budget.

	Government Guarantee Targets for Financial year ended 31 March 2011	Financial budget for FY 2011- 2012 compiled by the SABC	Variance
Revenue	6 786 410	6 181 084	605 326
Expenses	<u>-6 558 399</u>	<u>-6 168 628</u>	<u>-389 771</u>
Net Profit for the year	<u>228 011</u>	<u>12 456</u>	<u>215 555</u>

[Reconciling items not included in the GG targets: Analysis of the GAP]

Revenue: Sponsorship	-	-	-70 000
: TV Licences*	-	-	-69 312
: Employee benefits and expenses*	-	-	-
(i) Post Retirement Medical Aid**	-	-	-67 372
:-Actuarial loss	-	-	-12 372
:-Arrear past service cost	-	-	-37 000
:-Interest service cost	-	-	-18 000
(ii) Pension Fund	-	-	-
:-Actuarial gain	-	-	19 945
Budget for Local Government Election	-	-	-17000
Total value of items excluded from the GG targets and included in the FY 2011-2012 Financial budget	-	-	<u>-203 739</u>
Net Impact : True operational financial performance difference	-	-	<u>11 815</u>

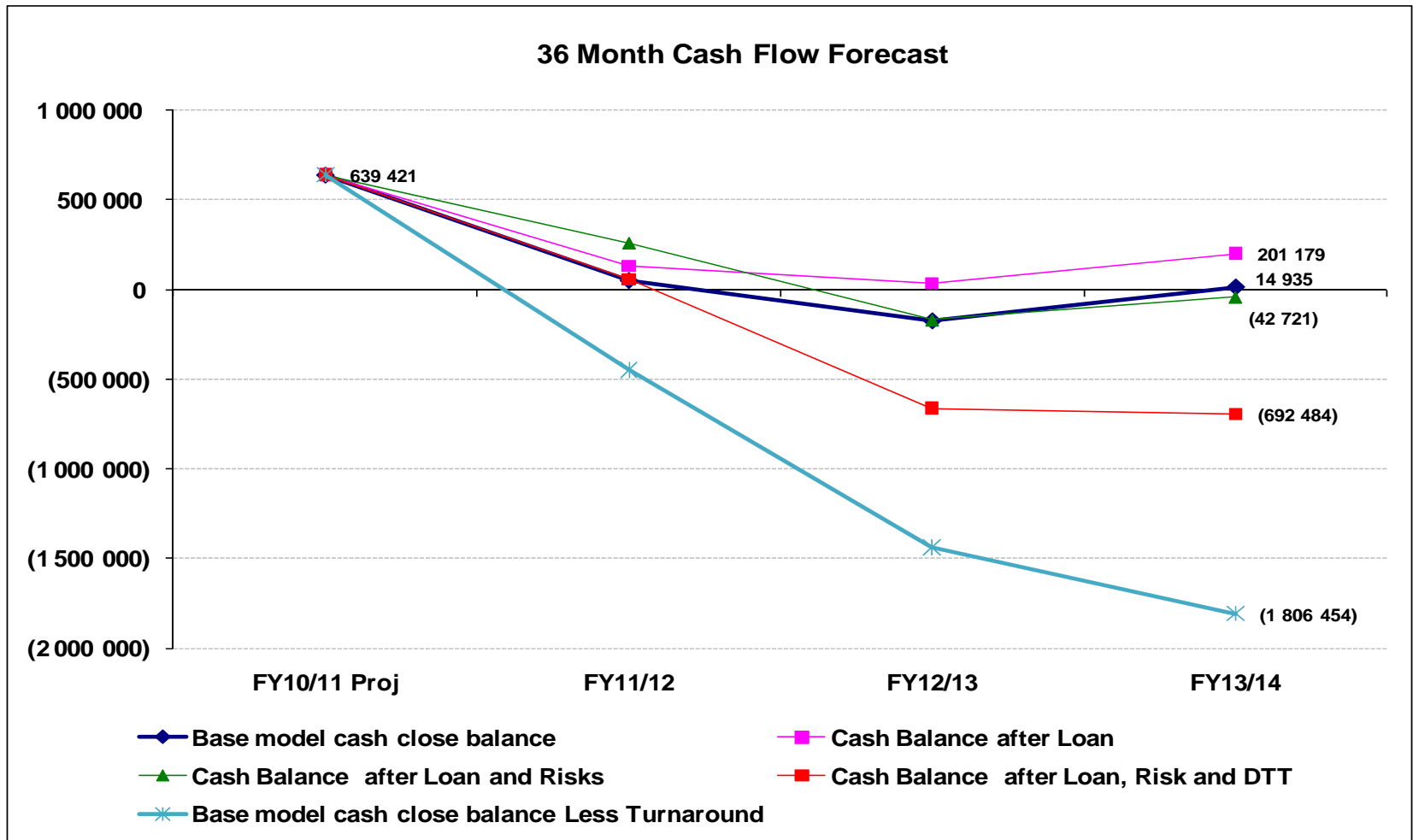
	2011/12				Detailed Explanation and Analysis between the GG targets and the FY 2011-2012 Financial Budget
	GG	Budget	Variance	%change	
	R'000	R'000	R'000		
Revenue					
Advertising Revenue	4,563,048	4,233,210	329,838	-7.8%	The budget compiled by the Group Sales and Marketing Team indicates the following: The Advertising market is soft due to the challenges being posed by the Multi Media Platform, the advent of the Internet and Mobi advertising. The impact of these new entrants has lead to the market fragmentation, has and continues to affect the SABC negatively. The compilation of the advertising revenue targets by the interim board did not consider these challenges.
Sponsorship Revenue	828,362	655,003	173,359	-26.5%	The compilation of the Sponsorship targets is incorrect. The targest that were compiled in 2009 by the Interim Board inflated the growth in this sector of revenue and double counted the increase by R70m
Trade Exchange	104,000	235,755	-131,755	55.9%	
TV Licence fees	968,000	909,334	58,666	-6.5%	The compilation of the TV Licence revenue by the Interim Board assumed an increase in TV Licence. However the draft PSB Bill indicated that the TV Licence will be abolished. The SABC did not make the request for the increase to the Shareholder due to this. As the PSB Bill is still under consideration by the Shareholder, the SABC will be submitting a request for the TV Licence increase. The R59m is the impact of the non-increase for the last 2 years.
Government Grants	191,000	135,194	55,806	-41.3%	No additional government grant funding obtained
Other Revenue	132,000	-76,412	208,412	272.7%	
Content & Commercial Explo	0	89,000	-89,000	100.0%	
Total Revenue & Other Income	6,786,410	6,181,084	605,326	-9.8%	

Expenses					
Employee Compensation & Benefits	-1,422,000	-1,606,001	184,001	11.5%	Current budget based on reduction of headcount and conversion to Cost to Company packages but also accommodates filling key vacancies. The current total costs of employee benefits is made up as follows: The GG targets: R1.5 billion less R122m (being the reduction strategy currently being implemented plus the new vacancies requested by the business of R108m. The employee cost also include the impact of the Post Retirement Medical Aid and the impact of the Pension Fund Actuarial losses/ (gains) which the GG targets did not take into account. The value of these employee benefits is R47m
Amort. & Imp. Prog, Film, & Sports Rights	-2,008,000	-1,466,318	-541,682	-36.9%	
Amortisation of Computer Software	-68,921	-50,877	-18,044	-35.5%	
Advertising collection costs	-809,410	-706,351	-103,059	-14.6%	
Impairm/(Reversal)Trade & Other Rec Cre	0	0	0		
Signal Distribution and Linking Costs	-523,000	-548,878	25,878	4.7%	Additional requests for studio upgrades, low power transmitters and FM transmitters as well as websites
Broadcast Costs	-228,020	-275,288	47,268	17.2%	Additional requests for 24 hour news channel, news agencies costs and also provision for Needletime
Other Expenses - Operational	-317,640	-423,493	105,853	25.0%	Additional requests accommodate 24 Hour News Channel, DTT and Digital Media costs and Corporate Recruitment Fees for HR
Professional and Consulting Fees	-36,000	-147,667	111,667	75.6%	Additional requests for Turnaround Planning Unit, Digital Media and website development, re-launching of CRM, legal fees for outstanding litigation, design of new commission scheme as well as various Technology projects
Other expenses	-561,006	-600,105	39,099	6.5%	Additional request accommodates Training (incl Training for Turnkey Projects)
Total Expenses	-5,973,997	-5,824,977	-149,020	-2.6%	
EBITDA	812,413	356,107	456,306	-128.1%	
Depreciation and Impairment	-321,893	-237,741	-84,152	-35.4%	Reduced Capital expenditure
Total Depreciation & Amortisation	-321,893	-237,741	-84,152	-35.4%	
EBIT	490,520	118,366	372,154	-314.4%	
Net Financing (Income)/Loss	-262,509	-105,910	-156,599	-147.9%	The difference is due to non-accessing the second tranche of Nedbank Loan and the lower borrowing levels.
Total Net Financing (Income)/Loss	-262,509	-105,910	-156,599	-147.9%	
	0		0		
Income Tax Expense	0	0	0		
Total Income Tax Expenses	0	0	0		
NOPAT	228,011	12,456	215,555	-1730.5%	

Cash Flow Forecast

- After taking into account the key assumptions as well as the key factors affecting the SABC's cash flows, the cash flows are forecasted for the 36 month projected cash flow forecast have been established.
- The projected 36 months cash flow is driven by a number of scenarios:
 1. Cash Close balance
 2. Cash loan after loan and risk
 3. Base model cash close balance less turnaround
 4. Cash balance after loan
 5. Cash balance after loan, risk & DTT

Cash Flow Forecast



Cash Flow Forecast

1. Base Model

- The base case is modelled on the approved Operating expenditure, Capital expenditure and Production budget submitted to Board in February 2011.
- Included in the base model is the pre-funding for the DTT capital expenditure to the value of R139m (excluding VAT).
- The model does not take any risks or additional events into account.
- The scenario shows that FY11/12 will have a positive cash flow but a negative cash flow will take place in FY12/13 when 12 re-payments of the R1bn loan must take place.

Assumptions Used to Compile Baseline

Below is a list of key drivers and assumptions used to compile the three year baseline

Key Drivers/Assumptions	FY10/11	FY11/12	FY12/13	FY13/14
	R'000	R'000	R'000	R'000
Credit Sales	4 874 548	5 211 678	5 651 749	6 104 323
Cash sales	990 643	1 054 799	1 144 533	1 267 291
Total Sales	5 865 191	6 266 477	6 796 282	7 371 614
Signal Distribution	491 642	550 494	584 326	619 678
Remuneration	1 638 441	1 627 562	1 723 604	1 820 524
Marketing	75 984	230 992	245 188	260 022
Capex investment	179 526	795 163	430 715	289 774
Progr, Film & Sport rights investment	1 665 512	1 790 000	1 343 560	1 636 306
Progr, Film & Sport pre-payments	79 022	79 022	79 022	79 022
Long term Investments	0	0	0	0
Loan repayments	0	-111 111	-333 333	-333 333
Advertising collection cost ratio	15.05%	14.57%	14.62%	14.64%
TV Licence collection cost ratio	14.62%	20.81%	17.13%	18.13%
Marketing cost/Total sales ratio	1.30%	3.69%	3.61%	3.53%
Number of days Stock	223	331	280	280
Number of days Debtors	55	45	45	45
Number of days Creditors	90	98	85	85
Inflation		5.24%	6.15%	6.05%
Salary Increase		8.00%	7.15%	7.05%
Medical aid Inflation (CPI +3%)		8.24%	9.15%	9.05%
Interest Paid on LT Loan (1.8% above JIBAR - 1.3% Prime difference)		11.53%	11.81%	12.50%
Interest Paid		9.71%	11.31%	12.00%
TV advertising growth (Sales and Marketing forecasts)		7.31%	10.60%	8.00%
TV advertising growth due to DTT Content transmitted		0.00%	4.97%	4.32%
Change in revenue due to Alcohol regulations - TV		0.00%	-5.61%	-5.35%
Change in revenue due to Alcohol regulations - Radio		0.00%	-3.38%	-3.35%
% Discounts on TV advertising (Sales and Marketing forecasts)		2.29%	2.09%	1.96%
Radio advertising growth (Sales and Marketing forecasts)		6.26%	10.00%	11.00%
TV Sponsorship (Sales and marketing forecasts)		19.00%	10.60%	8.00%
Radio Sponsorship (Sales and marketing forecasts)		n/a	9.18%	11.02%
TV Licence growth (PWC outlook)		1.15%	0.83%	1.08%
Internet Sales (Sales and marketing forecasts)		19.50%	25.35%	23.15%

Free Cash Flow Analysis 2012 Budget

31-Mar-11

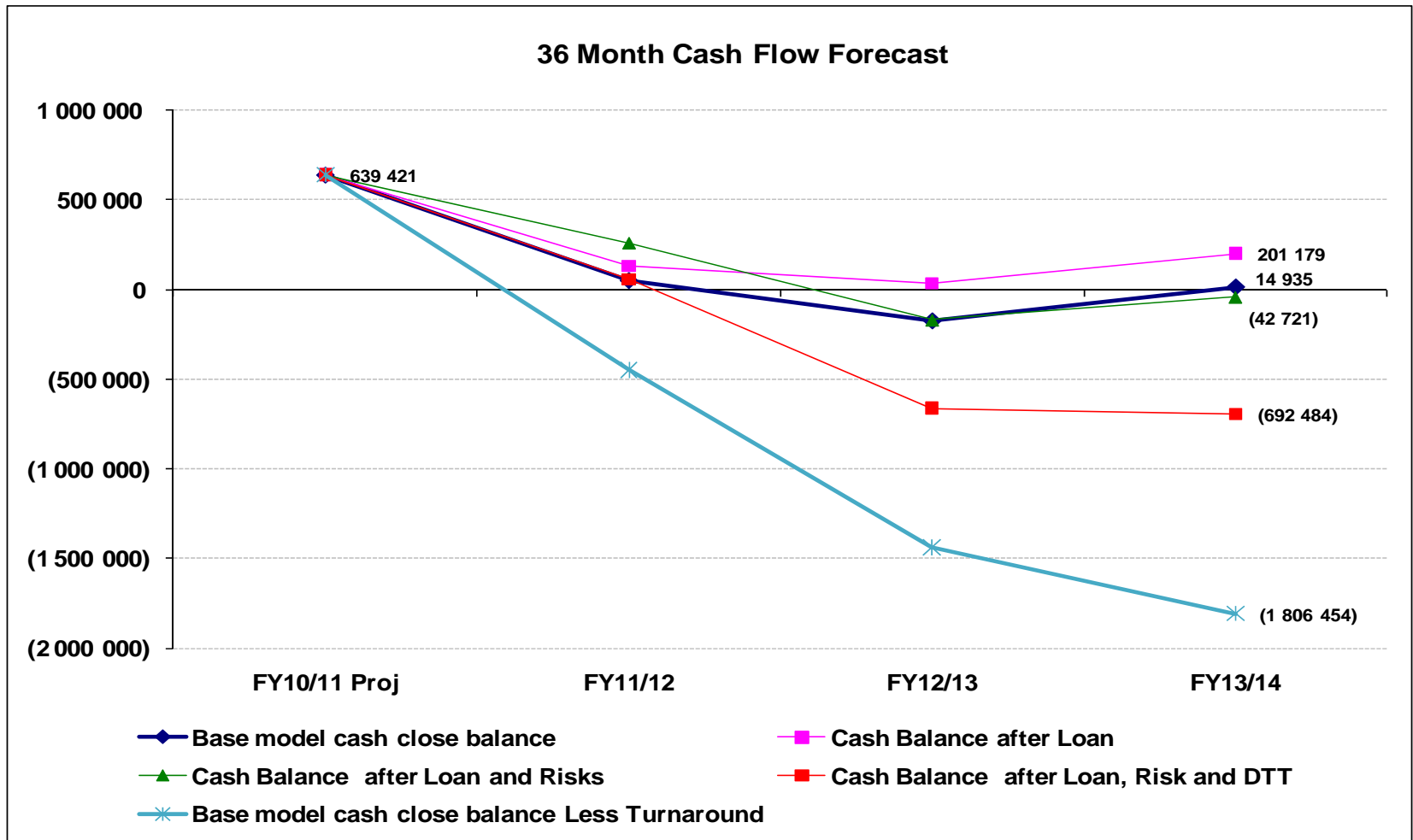
	Free Cash Flow including CAPEX and Debt Repayments	Free Cash Flow before Debt	Free Cash Flow Before Debt and Capex
	R'000	R'000	R'000
FY 2011/12 Cash Closing Balances	50 936	50 936	50 936
Nedbank Loan Repayments	0	111 111	111 111
Finance Leases	0	56 180	56 180
MTEF Request for 11/12 to 13/14 not funded for Capital Expenditure	0	0	408 380
	50 936	218 227	626 607



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Cash Flow Forecast



Projected Funding Statement

BASE MODEL

	FY10/11 Projected	FY11/12 forecast	FY12/13 forecast	FY13/14 forecast
	R'000	R'000	R'000	R'000
<u>Cash balances</u>				
Open Balance	337 604	639 421	50 936	(174 469)
Cash generated/(used)	301 817	(588 485)	(225 405)	189 404
Close Balance	639 421	50 936	(174 469)	14 935
Liquidity level	300 000	300 000	300 000	300 000
Borrowings required to maintain Liquidity	0	249 064	474 469	285 065
<u>Facilities available</u>	FY10/11 Proj	FY11/12	FY12/13	FY13/14
	R'000	R'000	R'000	R'000
<u>Own Cash</u>				
Close Balance	639 421	50 936	0	0
<u>Asset Based Finance (ABF)</u>				
ABF generated/(used)	0	(50 000)	(50 000)	0
ABF close balance	100 000	50 000	0	0
<u>2nd Tranch of Gov Funding</u>				
Cash (used)	0	(199 064)	(273 936)	0
Close Balance	473 000	273 936	0	0
<u>Overnight Loans</u>				
Cash (used)	0	0	(150 533)	(199 467)
Close Balance	350 000	350 000	199 467	0
<u>Medium Term Loans</u>				
Cash (used)				(85 597)
Close Balance	0	0	0	85 597
Total Borrowings	0	(249 064)	(474 469)	(285 065)

Cash Flow Forecast - Restructured

Cash Flow Scenarios

	FY10/11 Proj R000	FY11/12 R000	FY12/13 R000	FY13/14 R000
Base model cash close balance	639 421	50 936	(174 469)	14 935
Restructure Loan profile	0	79 034	208 866	186 243
Cash Balance after Loan	639 421	129 970	34 398	201 179
Risks	0	127 644	(203 642)	(243 900)
Cash Balance after Loan and Risks	639 421	257 614	(169 245)	(42 721)
DTT	0	(200 000)	(492 032)	(649 763)
Cash Balance after Loan, Risk and DTT	639 421	57 614	(661 277)	(692 484)
Base model cash close balance Less Turnaround	639 421	(451 424)	(1 440 680)	(1 806 454)
Base model cash close balance	639 421	50 936	(174 469)	14 935
Adjusted for: Corporate plan - Inflation adjusted	0	(477 466)	(506 810)	(537 472)
Content inefficiencies	0	(24 894)	(625 828)	(1 035 849)
Sales inefficiencies	0	0	(133 573)	(248 068)

Debt to Equity and Current Ratio - Baseline

SABC Debt Equity Ratio	2010/11	2011/12	2012/13	2013/14
Total Borrowings	1 342 438	1 182 887	797 735	412 595
<i>Long-term</i>	1 175 147	792 696	407 555	13 059
<i>Short-term (short-term debt)</i>	167 291	390 191	390 180	399 536
Total Equity	944 423	956 879	1 053 344	1 359 653
Total Debt/ Total Equity Ratio	1.42	1.24	0.76	0.30

Long-term debt/Equity Ratio

Long Term Debt	1 175 147	792 696	407 555	13 059
Total Equity	944 423	956 879	1 053 344	1 359 653
Long-term debt/ Equity Ratio	1.24	0.83	0.39	0.01

SABC Current Ratio

Current assts	2 597 093	2 042 165	1 884 995	1 996 238
Current liabilities	1 541 755	2 248 241	2 246 139	2 109 271
Current Ratio	1.68	0.91	0.84	0.95

Quick Ratio

Current assts (less inventory)	1 584 063	708 814	722 925	781 439
Current liabilities	1 541 755	2 248 241	2 246 139	2 109 271
Quick Ratio	1.03	0.32	0.32	0.37

Three year Income Statement Forecast

PROJECTED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	SABC			
	FY10/11 Projected	FY11/12 forecast	FY12/13 forecast	FY13/14 forecast
	R'000	R'000	R'000	R'000
Revenue				
Gross Classical Advertising	3 933 650	4 251 792	4 695 041	5 111 573
Gross Sponsorships	518 530	639 854	695 228	742 069
SWC 2010 revenue	205 672	0	0	0
Other	216 696	251 029	280 007	291 245
Gross TV Licences <i>(Projection adjusted SAP)</i>	861 804	909 334	1 023 647	1 147 708
Government Grants	128 839	145 465	78 740	73 891
Trade exchange revenue	85 109	127 796	127 796	127 796
Total Revenue	5 950 300	6 325 270	6 900 459	7 494 282
Less: Expenditure	(6 049 594)	(6 206 905)	(6 684 668)	(7 112 577)
Advertising Collection cost	(670 002)	(712 574)	(786 962)	(856 130)
TV Licence Collection cost <i>(Avg Projection adj)</i>	(126 009)	(189 275)	(207 304)	(243 906)
SWC 2010 costs	(67 297)	0	0	0
Broadcast costs	(217 311)	(248 460)	(269 336)	(289 829)
Advertising funded programmes	0	0	0	0
Signal Distribution	(491 642)	(550 494)	(584 326)	(619 678)
Marketing <i>(Avg Projection adjusted SAP)</i>	(75 984)	(230 992)	(245 188)	(260 022)
Employee Compensation & Benefits	(1 638 441)	(1 627 562)	(1 723 042)	(1 820 018)
Professional and Consulting Fees	(147 031)	(158 702)	(158 702)	(108 702)
Other Personnel costs <i>(Avg Projection adjusted)</i>	(34 549)	(129 070)	(136 642)	(144 332)
Other Opex costs <i>(Avg Projection adjusted)</i>	(274 258)	(408 569)	(456 696)	(515 332)
Other Admin costs	(56 884)	(64 115)	(68 055)	(72 172)
Other (Profits)/losses	149	0	0	0
Trade exchange costs	(75 526)	(127 796)	(127 796)	(127 796)
Trade Exchange rev/cost diffs	0	0	0	0
Amortised Prog, Film & Sport rights	(1 5 95 699)	(1 469 679)	(1 514 841)	(1 583 577)
SWC 2010	(161 532)	0	0	0
Amortised Computer Software	(54 685)	(45 822)	(92 841)	(100 841)
Depreciation of PPE	(212 390)	(242 793)	(312 937)	(370 242)
Other (profits)/losses	(150 503)	(1 002)	0	0
Employee Benefit revaluation	0	0	0	0
Pension fund asset used	0	0	0	0
Operating profit before interest and tax	(99 294)	118 365	215 791	381 705
Less: Net Financing loss	(105 377)	(105 909)	(119 325)	(75 396)
Interest Received	23 929	11 744	0	0
Interest Paid	(129 306)	(117 653)	(119 325)	(75 396)
Profit/ (Loss) before income tax	(2 04 671)	12 456	96 466	306 309
Income Tax	0	0	0	0
Current year Income Tax	0	0	0	0
Profit/ (loss) for the year	(2 04 671)	12 456	96 466	306 309

Projected Cash Position as at February 2011 (after adjustments in the month of March)

Below is a list of key drivers and assumptions used to compile the three year baseline

SABC	INVESTMENT REPORT				MARCH 2011			
CALL	FIXED	NCD	LOAN	CURREN T	INSTITUTION			
0	178,000	-	-	5,000	183,000	ABSA		29%
0	120,000	-	-	831	120,831	SCMB		19%
1,500	92,000	-	-	104	93,604	RMB		15%
34,000	65,000	-	-		99,000	INVESTEC		16%
0	136,000	-	-	1,044	137,044	NEDBANK		22%
<u>35,500</u>	<u>591,000</u>	-	-	<u>6,979</u>	633,479	GRAND TOTAL		100%

Debt position as at end February 2011 and projected to 31 March 2014

4. Borrowings/Debt	FY10/11	FY11/12	FY 12/13	FY13/14
4.1 Loans	R'000	R'000	R'000	R'000
Open Balance	1 000 000	1 000 000	888 889	555 556
<u>Less Repayments</u>	-	(111 111)	(333 333)	(333 333)
Close Balance	1 000 000	888 889	555 556	222 222
Cash generated/(used)	-	(111 111)	(333 333)	(333 333)
4.2 Asset Leases				
Open Balance	349 234	342 438	293 998	242 180
<u>Plus Additional Borrowings</u>	42 382	7 740	5 040	5 040
Less Capital repayments	(49 177)	(56 180)	(56 858)	(56 847)
Close Balance	342 438	293 998	242 180	190 373
Cash generated/(used)	(6 795)	(48 440)	(51 818)	(51 807)

Projected Funding Statement

BASE MODEL with RESTRUCTURED LOAN	FY10/11 Projected	FY11/12 forecast	FY12/13 forecast	FY13/14 forecast
	R'000	R'000	R'000	R'000
<u>Cash balances</u>				
Open Balance	337 604	639 421	129 970	34 398
Cash generated/(used)	301 817	(509 451)	(95 573)	166 781
Close Balance	639 421	129 970	34 398	201 179
Liquidity level	300 000	300 000	300 000	300 000
Borrowings required to maintain Liquidity	0	170 030	265 602	98 821
<u>Facilities available</u>				
	FY10/11 Proj	FY11/12	FY12/13	FY13/14
	R'000	R'000	R'000	R'000
<u>Own Cash</u>				
Close Balance	639 421	129 970	0	0
<u>Asset Based Finance (ABF)</u>				
ABF generated/(used)	0	(50 000)	(50 000)	0
ABF close balance	100 000	50 000	0	0
<u>2nd Tranch of Gov Funding</u>				
Cash (used)	0	0	0	0
Close Balance	473 000	473 000	473 000	473 000
<u>Overnight Loans</u>				
Cash (used)	0	(120 030)	(215 602)	(14 368)
Close Balance	350 000	229 970	14 368	0
<u>Medium Term Loans</u>				
Cash (used)				(84 454)
Close Balance	0	0	0	84 454
Total Borrowings	0	(170 030)	(265 602)	(98 821)

Conclusion

- In all of the scenarios presented, it is evident that liquidity pressures will persist for the next coming two years and that will correspond with the period when two significant repayments of the Nedbank Loan will be required.
- The pressures are indicated by the declining cash flow positions for the next two financial years, for all scenarios.
- For this reason, it is proposed that the SABC will need to re-structure the current loan in place to manage liquidity over the next 12 – 36 months *[this re-structuring of the loan is used in scenarios 2,3 and 4]*. This also reduces the interest cost and liquidity pressures
- These cash flow pressures are further exacerbated by initial and subsequent capital outlay for the technology programmes and the acquisition of programme, film and sports rights.

Conclusion

- However, for FY13/14, it is evident that all scenarios reflect an upward trend *[excluding scenario 5, which excludes all the effects of the turnaround initiatives]*.
- The drivers around this improvement will be the reduced pressures around the cash outflow requirements (i.e. repayment of the Nedbank Loan and the reduced capital outlay for the programme, film and sports rights).
- The improvement will also be driven by the exploitation of the new digital media space and increased efficiencies with regards to content and sales efficiencies.
- The negative cash position(s) forecasts are also exacerbated by the countries move to Digital Terrestrial Transmission (DTT)
- It is evident from the cash flow forecast outlined in scenario four that the SABC needs funding to carry out the implementation of DTT, as without the necessary funding as the Corporation we will not be able to internally fund the project.
- The non-funding of the migration to DTT will lead to the Corporation not being financially sustainable.

Conclusion

- The organisation has therefore, in its MTEF submission, requested the following:
 - Rollover of existing funding
 - Fund of R408m for DTT
 - Permit additional borrowing or restructuring of the Nedbank Loan

Agenda

1 Financial Overview

2 **Turnaround Strategy**

3 Business Review

4 Governance Review





5 Enterprise Strategy

Turnaround Strategy

- With the approval of the SABC Turnaround Strategy in November 2010, the turnaround strategy has been in implementation mode
 - Initiatives were clearly identified and allocated to respective Group Executive members as Portfolio Owners
 - Project Charters and project plans drafted and signed off by Group Executive
 - Turnaround project resource requirements reviewed and budget requests made
 - Turnaround Steering Committee established
 - Project management office and governance structure set

Project Reporting

- As part of the fortnightly project reporting update each Executive is responsible for reporting back on the initiatives within their area.
- Project Co-ordinators provide independent evaluation of project progress
- Project reporting is done by means of robots to indicate progress

Key	
	Project Complete
	Projects on track
	Projects behind, will catch up
	Project will be delayed

Consolidated Dashboard





Portfolio	6%	37%	48%	9%
Itani Tseisi	0	2	1	1
Richard Waghorn	1	2	6	0
Charlotte Mampane	0	2	2	1
Robin Nicholson	0	1	3	0
Ntsietso Mofokeng	0	6	1	0
Anton Heunis	0	0	6	1
Lerato Nage	2	3	4	1
Juanita van Rensburg	0	1	3	3
Bessie Tugwana	0	0	4	0
Phil Molefe	0	2	2	0
Sizwe Nzimande	0	2	1	0
Leslie Ntloko	1	2	0	0
Justice Ndaba	1	10	5	1
Hlaudi Motsoeneng	0	0	1	2
Yvonne Johnston	0	0	2	0
Wanda Mkhize	0	1	3	0

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Steercom Project Progress











Steercom #	Date	Project Confirmation
Steercom #1	(2 nd Dec 2010)	
Steercom #2	(19 th Jan 2011)	70%
Steercom #3	(7 th Feb)	22%
Steercom #4	(2 nd Mar)	2% 28% 54% 16% 30%
Steercom #5	(15 th Mar)	4% 29% 51% 16% 33%
Project Evaluation	(7 Apr)	6% 37% 48% 9% 43%





Key

-  Project Complete
-  Projects on track
-  Projects behind, will catch up
-  Project will be delayed







Top Ten

Description	Progress
Design and implement a group wide performance management system	
Sport Cost Reduction	
Working Capital: Average Debtor Day Reduction	
Improve Procurement's effectiveness and reduce third party spend	
Establish a Digital Media division	
Enhance content planning and acquisition processes	
Review and Align DAF with the Risk and Compliance framework	
Improve the SABC brand reputation and perception	
Pricing Methodology	
Wasteful Expenditure: Fruitless and Unauthorised expenditure	

Key	
	Project Complete
	Projects on track
	Projects behind, will catch up
	Project will be delayed

Top Sixteen

Description	Progress
Audience Segment and Brand Position for SABC3	
Launch of the 24-hour Satellite News Channel	
Total Cost of Employment	
Recruitment and Selection	
Training	
Change management strategy and communication plan	

Key	
	Project Complete
	Projects on track
	Projects behind, will catch up
	Project will be delayed

Agenda



1 Financial Overview

2 Turnaround Strategy

3 **Business Review**

4 Governance Review

5 Enterprise Strategy

Mandate Review

- As part of the licence conditions of SABC PBS radio stations and television channels, specific mandate requirements need to meet in terms of minutes of broadcast per week, these are:
 - Radio
 - ❖ Stations to broadcast in the prescribed principal language
 - ❖ Local music broadcast
 - ❖ News and Current Affairs programming
 - ❖ Children's programming
 - ❖ Specific Genres i.e. Information Knowledge Building, drama
 - ❖ Education programming
 - Television
 - ❖ News and Current Affairs programming
 - ❖ Local content
 - ❖ Any other language besides English
 - ❖ Minority language
 - ❖ Specific Genres i.e. Information Knowledge Building, drama,
 - ❖ Education programming
 - Sport of National Interest

Mandate Review

- SABC Radio has met all its mandate conditions and exceeded in some, such as local music delivery
- SABC Television has delivered on all its mandate conditions except for its inability to deliver on certain genre as a result of the amended schedules across all three Channels during the 2010 FIFA World Cup.
- Television continue to experience challenges in the delivery of programming in minority languages due to a lack of capacity within production industry of minority language talent

Agenda



1 Financial Overview

2 Turnaround Strategy

3 Business Review

4 **Governance Review**

5 Enterprise Strategy

Auditor General Report

- The organisation has and continues to actively monitor and address issues raised by the Auditor General
- Monthly reporting is done by respective areas on the progress on addressing issues raised by AG in their respective area
- An enterprise wide review was conducted mid 2010 on the status on the AG recommendations
- An annual review is currently underway

Risk Management

- The events of 2008/2009 financial Year and a loss amounting to R910 million, which gave rise to the Auditor General's report in 2009/2010 financial year, necessitated the assessment of risk management culture within the organisation
- The assessment results indicated the need for the review of the risk management instruments (policies, framework and strategies) and the development of additional ones
- SABC Board approved project which was concluded in March 2011

Risk Management

The following instruments were reviewed and enhanced to achieve the effective risk management:

1. Risk Management Policy:

- The Risk Management policy sets out the overall philosophy, principles, requirements and responsibilities for a sound approach to risk management within the SABC
- The balancing of risk and reward is an integral part of improved performance, growth and sustainable value creation

2. Risk Management Framework

- The Risk Management Framework is a high level view of the SABC risk management process and procedures to assist in implementing and embedding the risk management discipline in the organisation. It's primary purpose is to:
 - ❖ Describe the SABC's risk management philosophy, approach, process and reporting;
 - ❖ Guide the implementation of the risk management process in a uniform manner across the SABC; and
 - ❖ Educate line managers and employees on the essential tasks of risk management

Risk Management

3. Fraud and Corruption Prevention Policy:

- The Fraud and Corruption Prevention Policy 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.
- This Policy is based on the National Treasury Regulations Fraud Prevention Plans, the Prevention and Combating of Corrupt Activities Act, 12 of 2004 and the Public Finance and Management Act, 1 of 1999

Risk Management

The following New Instruments were Developed;

1. Whistle Blowing Policy:

- Whistle Blowing Policy is intended to provide overall guidance for the reporting of concerns and to further encourage and enable staff and others that the SABC deals with to raise concerns within the SABC rather than overlooking the problem or reporting such concerns through inappropriate channels

2. Fraud and Corruption Prevention and Response Plan:

- The purpose of Fraud and Corruption Prevention Plan is to provide an overview of the SABC's approach to the prevention and detection of fraud and corruption
- The Plan recognizes basic fraud and corruption prevention measures, which are in place at the SABC
- The Plan is dynamic and it will continuously evolve as the SABC makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption
- SABC's response to mitigate any exposure to fraud and corruption will focus on creating awareness and promoting ethical business conduct.

Risk Management

3. Risk Management Strategy (Road Map)

- The risk culture assessment identified some gaps within risk management, that require management attention and a decision to aim for the *intelligent risk maturity* level, necessitated the strategy to achieve the maturity level. This is level is in line with King III requirement will be on the SABC.

4. Key/Strategic Risk Profile with Mitigation Plans

- Management and Board identified key / strategic risks with mitigation strategy, the mitigation strategies are initiatives in the turnaround plan.
- Regular continuous monitoring and corrective actions is undertaken to ensure that the mitigations are in place to reduce the residual risk or the impact of the consequence should a risk occur.

Agenda

1 Financial Overview

2 Turnaround Strategy

3 Business Review

4 Governance Review

5 Enterprise Strategy

- Key Focus Areas
- Operating Model & Human Capital
- Organisational Performance Measures
- Delivering Public Service

SABC Corporate Pillars

The Board has adopted a set of Corporate Pillars that informs the SABC's Strategic Focus areas, operational plans and performance agreements for Executives

1. Programming
2. Platform Management
3. News and Current Affairs
4. Governance
5. Human Capital Services
6. Financial Management
7. Stakeholder Management

SABC's Strategic Intent

The organisation through its turnaround and operational plans has identified seven key drives of value which form its strategic intent as it enters into its medium term planning.

- Putting broadcasting and broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News.
- Building brands that reflect excellence and the South African identity in every way
- Building a digital SABC and integrating the digital future into all plans and actions
- Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance
- Building an organisation that is economical, efficient and effective
- Focusing on the performance of the Enterprise at every level and holding individuals accountable for delivery
- Managing and reporting on strategy development and implementation, operational performance and risk management



Strategic Focus

SABC Television

- SABC Television's key focus within the upcoming fiscal will be:
 - Recapturing lost market share within the ever growing competitive market, whilst delivering on its public service mandate, audience delivery to move from 59% to 60%
 - Implementation of the SABC3 turnaround strategy, which is aimed at returning the channel to a competitive commercial channel
 - Develop a strategic position for the SABC within the DTT space as we prepare for the launch in 2012
 - Investment in both brand and programme marketing activities to drive audiences to the platform

Strategic Focus

SABC Television

- With the implementation of the new operating model, there is now one unit responsible for content channel management and content acquisition, thereby ensuring that all content acquisition is aligned with Channel requirements
- Focus will be placed in the current fiscal on the acquisition of new programming on both the local and international front, so as to drive audiences to Channels as well as ensure an effective, efficient and economical enterprise
- The Television unit is prepped to deliver on DTT

Strategic Focus

DTT

- The anticipated launch of DTT in 2012, will see the SABC moving to a digital multichannel environment
- The enterprise, as the Public Service Broadcaster is enthused and ready to play it part in the countries transition into the digital platform
- Channel and programming line up preparation is currently underway to ensure the enterprise is ready for a 2012 commercial launch of the platform
- To deliver thereon, it will need to make capital investments in infrastructure, which it has requested funding to support, as without such funding the enterprise will find itself under financial pressure

Strategic Focus

SABC Radio

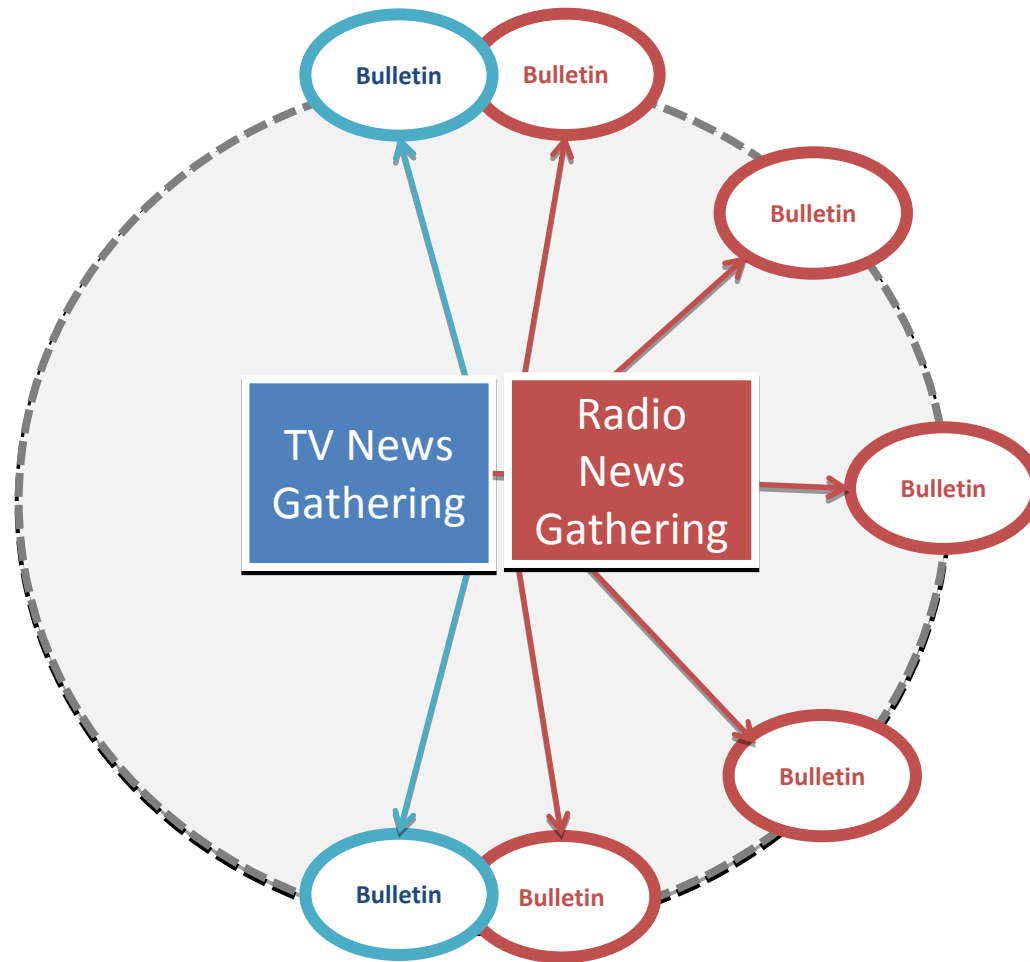
- SABC Radio, with a reach of over 30 million listeners daily, will drive to renew its position as key news and current affairs provider
- The impending new entrées into the fiercely contested metropolitan areas, will see a more aggressive positioning of SABC's Radio stations as they strive to deliver value to their listeners
- Particular focus will be made to the repositioning of under performing stations such as ; True FM, Ikwewezi FM, Munghana Lonene FM , SAFM, Umhlobo Wenene FM

Strategic Focus

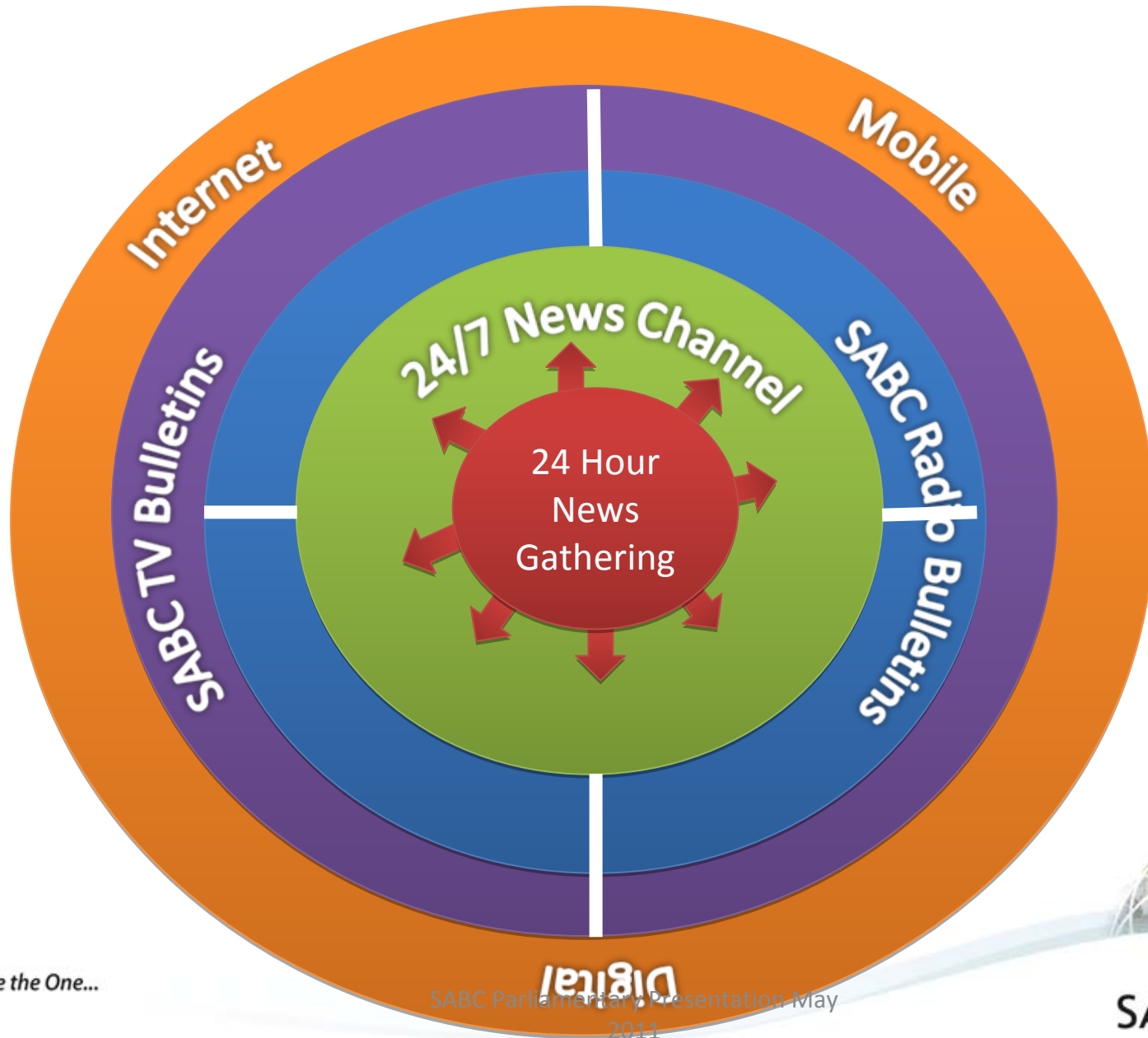
SABC Radio

- Talent Management will be a key driver to the success of the stations
- SABC Radio will be strengthening its digital offering as well as expanding its transmitter network to increase access and also improve signal, allowing for clearer sound in areas previously experiencing signal challenges
- Research will be conducted to determine the tastes and interests of listeners, aimed at further improving Radio's offering
- Implementation of integrated marketing solutions to address both brand and programming strategies

Current SABC News Operations



Future News Operations



Let us be the One...

SABC Parliamentary Presentation May 2011



Strategic Focus

SABC News

- At the core of public service broadcasting is the provision of news and current affairs
- The upgrade of the News facilities as well as the renewed brand and programming emphasis will ensure that the SABC News image is restored and audiences recouped

Strategic Focus

24 Hour News Channel

- With the vision of being the global provider of African content and the reference point on African issues, SABC News will be launching a 24 Hour News Channel as part of SABC's DTT offering
- This is driven by the need to:
 - Entrench SABC News as a leading African public broadcaster in a multichannel environment
 - Contribute to the creation of a better South Africa, in a better Africa, and a better world for all
 - Increase audience share in News programming
 - Increase accessibility of SABC News to broader audiences

Strategic Focus

24 Hour News Channel

•The 24 News channel aims to:

- Ensure South Africans are adequately informed about developments in the country, the region, the Continent & the World
- Prepare for DTT Launch by offering a “Free-View” 24 Hour News Channel which will be available on multiple platforms, delivering the SABC’s strategy to be platform neutral in line with our “Must Carry - Must Pay” obligation
- Certain programming will be available on terrestrial from launch (SABC2 overnight)
- Learn new work flows for digital television
- Drive the information campaign on key national issues
- Provide live broadcasts of events/activities of national importance.
- Included in the budget, R66m plus R17m in the Local Government Elections Budget 2011, which will be used for future funding of the Channel
- The intention is to launch on DSTV as part of our initial offering
- Channel will utilise the existing News broadcasting facilities already contracted

Strategic Focus

Sport

- The enterprise is currently drafting its Sport strategy which is aimed at ensuring the SABC is able to deliver the mandate more effectively and efficiently
- Particular focus for the enterprise has been on:
 - Sport of National Interest regulation
 - Collaboration with DoSR in the development of a Sport Strategy
 - Major rights negotiations
 - Capacity building for 2010 SWC and Rugby WC, culminating in the 2012 Olympics

Strategic Focus

Editorial Management

- With the establishment of the Editorial, Policy & Governance unit, the enterprise will drive editorial management from a strategic level, ensuring a framework is established and compliance is enforced
- The Editorial unit will act in an advisory capacity to the GCEO (Editor In Chief)
- Drive editorial renewal through outreach activities

Strategic Focus

Mandate Delivery

- SABC continues to ensure it delivers on its mandate requirements on both radio and television
- To ensure increased access to public broadcast services on radio and television, continued distribution of low power transmitters, in areas around the country previously without SABC services will occur, with 100 new transmitters activated annually to 2014
- The establishment of the Digital Medial unit, allows for SABC to extend its public service delivery on to the digital platform

Strategic Focus

Commercial Sales

- New operating model for the Commercial Sales division will see a realignment of the division to ensure it is more effective and efficient as well as addressing its governance challenges
- Its performance and budget for the future is as follows:

	FY09	FY10	FY11	FY12
Budget	R4.2b	R3.7b	R4, 0b	R4.9b
Actual	R3,5b	R3,4b	R4, 0b	

Strategic Focus

SABC Provinces

- SABC has reviewed its approach and operating model for its Provinces
- The role of Provincial Managers has been revised with direct responsibility and accountability for the full function of the Province

Provinces

Provinces

Provincial Manager

Core Services

Sales

Radio

Marketing

Digital Media

External Stakeholder
Management

News

TV

Sport

Broadcasting &
Distribution

Business Partners

Finance

Information
Technology

Notes:

- Business Partners are located in the Provinces.
- Policies must ensure that approval for capex budget and accountability is situated at Shared Services Centre to drive economies of scale
- RGM accountable for approval of small goods and services at the provincial office

Procurement

Human Capital
Services

Support to be provided by corporate level:

Property & Facilities
Management

Internal Audit

Quality and Risk
Management

Strategy & Planning

Legal

Finance

Information
Technology

Procurement

Human Capital
Services

General Notes

- Provincial Core Functions, i.e. Radio, TV, Digital Media, Sports and News must comply with corporate policy. Provincial performance will be monitored against the corporate strategies and policies
- Business Partners report indirectly to the PM and directly into the relevant function at head office e.g. Finance. People in core functions report to the PM

Strategic Focus

Marketing & Brand Building

- The lack of focus in marketing over the past 3 years has resulted in a decline in audiences and listenership on SABC Platforms
- The revitalisation of SABC's marketing efforts have seen:
 - A focus on South African excellence
 - Appointment of strong credible marketer
 - Budget allocation to drive marketing strategy

Strategic Focus

Business Unit Objectives

- With an Enterprise driven strategy, each business unit's performance contract will be derived from the enterprise dashboard. Ensuring that each BU's strategy is aligned with enterprise strategy and performance can be more effectively managed

Agenda

1 Financial Overview

2 Turnaround Strategy

3 Business Review

4 Governance Review

5 **Enterprise Strategy**

- Key Focus Areas

- Operating Model & Human Capital**

- Organisational Performance Measures

- Delivering Public Service

People

- Skills shortages in critical areas such as technology continue to pose problems in many industries in South Africa
- Broadcasting is one of the areas that have been hard hit by these skills shortages
- To address these, the SABC has initiated various skills development interventions and programs.
- The SABC has implemented various interventions to try and address this, that include:
 - Technical training
 - Journalism Internships
 - Broadcast Engineering and
 - Business Unit specific interventions

People

- Furthermore, companywide interventions that include but not limited to:
 - Skills Audit,
 - Succession Planning,
 - Leadership Development Program and Middle Management Program launched with GIBS were initiated.
- Also, SAP, TVBMS and computer training were internally conducted thus creating efficiencies and reducing consultant and provider costs.
- The SABC also gained accreditation an ICDL training and assessment center, as well as conducting training on Accounting Technicians in Finance continued.

Performance Management

- Driving a culture of responsibility and accountability, is of optimum importance for the enterprise
- Consequently the implementation of an organisation wide performance management system has been rated as No1 in level of importance of all turnaround strategy initiatives
- Enterprise and Divisional dashboards have been established and all Performance contracts for FY11/12 have been aligned with these and signed with all Group Executives
- Performance contracting for the next level of the organisation will be completed by end May 2011

SABC Operating Model

- In ensuring a economical, efficient and effective enterprise, the SABC is currently reviewing its operating model
- The review of the organisational operating model has been a key focus of the organisation as part of its delivery of the SABC Turnaround Strategy
- The high level operating model has been approved by the SABC Board and implemented within the business
- The enterprise is currently engaged in drilling down into the each Division's operating model and thereafter their optimal efficient and effective structure , whilst maintaining compliance with the Broadcast Act
- This will go a long way towards addressing the organisations challenges with regards to Head Count and skill set

The SABC Headcount Status: 2007 - 2011

Scale	Dec-07	Dec-08	Dec-09	Dec-10	Feb-11	Reduction Since 2008	% Reduction
110	5	5	4	5	3	-2	-40.00%
115	12	11	10	7	8	-3	-27.27%
120	81	89	81	69	64	-25	-28.09%
125	148	174	162	154	155	-19	-10.92%
130	240	279	282	261	264	-15	-5.38%
200	9	5	5	5	5	0	0.00%
300	646	697	650	601	595	-102	-14.63%
401	438	459	444	425	424	-35	-7.63%
402	384	444	425	397	394	-50	-11.26%
403	448	538	547	522	518	-20	-3.72%
404	546	566	540	513	512	-54	-9.54%
405	495	484	498	482	488	4	0.83%
406	162	168	180	158	156	-12	-7.14%
407	98	93	89	73	73	-20	-21.51%
408	36	28	25	25	25	-3	-10.71%
409	23	17	16	14	15	-2	-11.76%
Grand Total	3771	4057	3958	3711	3699	-358	-8.82%

Principles of the Organisational Design

The organisation aims to achieve 3000 employees in 3 years, it has a current staff complement of 3699. The move towards a digital SABC will require new skills, up skilling of some employees and redundancy of some positions. The enterprises approach to meeting its objective is as follows:

Drivers of Change	Approach
Exiting of analogue facilities	<ul style="list-style-type: none">• Training• Early retirement• Out placement• Voluntary retrenchment• Forced retrenchment (last resort)
Growth of digital (incl. implementation of digital playout facilities DTT	<ul style="list-style-type: none">• Re-train• Out placement• Contract expiry• Redundancy• Voluntary retrenchment
Management Rationalisation	<ul style="list-style-type: none">• Training• Out placement• Early retirement• Contract expiry• Redundancy• Voluntary retrenchment• Forced retrenchment (last resort)
Targeted headcount	<ul style="list-style-type: none">• All of the above

Agenda

1 SABC Performance Measure FY11/12

2 Universal Access

3 Catering for Disability

4 Voter Education

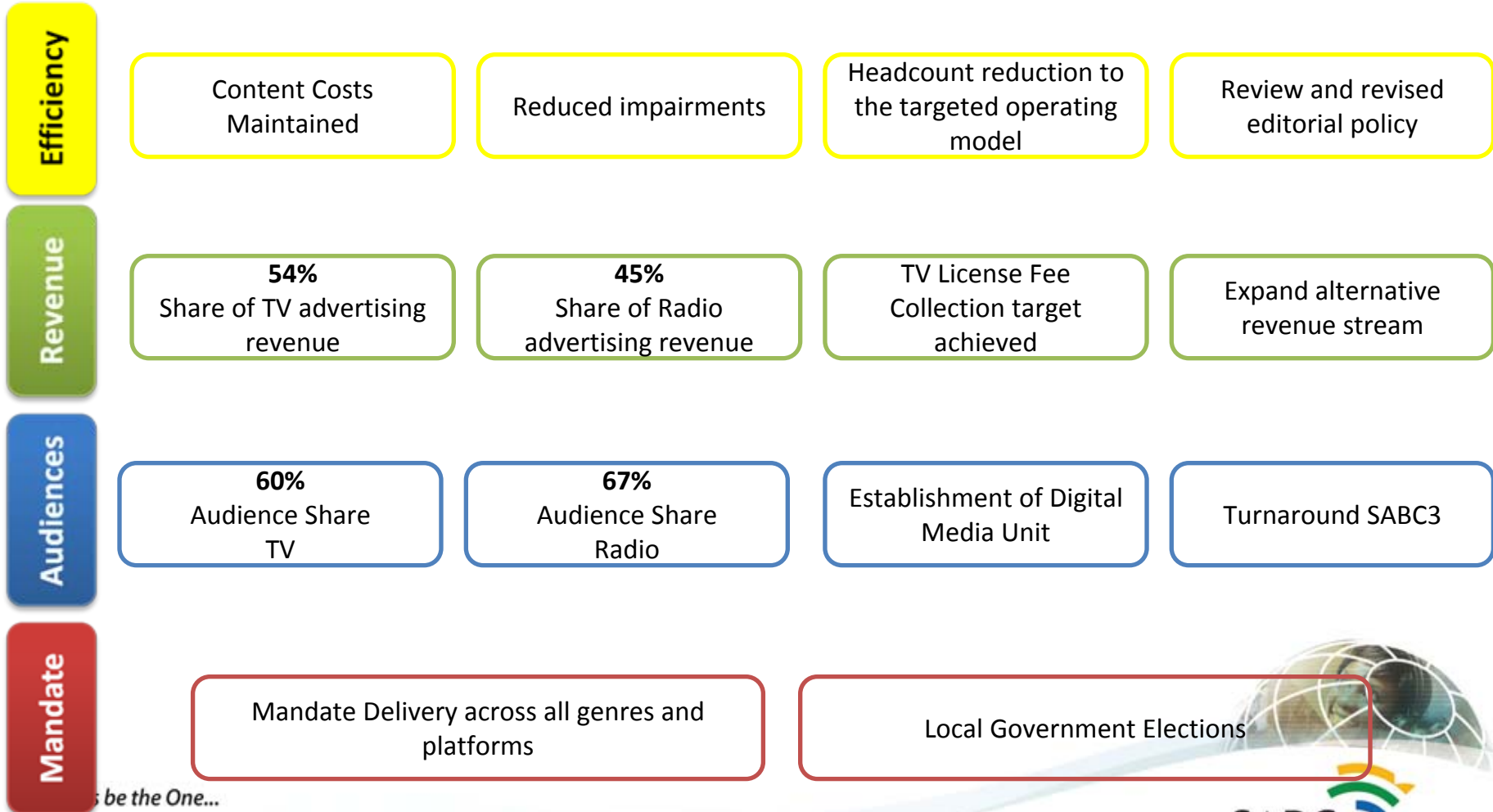
5 Governance Review

6 Operating Model

7 Resourcing the Strategy

Performance Measures FY11/12

With turnaround being a key focus of the enterprise, its performance measures for the fiscal, as detailed in its Corporate Plan, are aimed at driving operational and financial efficiency whilst delivering on its public service mandate



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Key Performance Indicators

Pillar 1: Programming: Quality, Purchasing & Commissioning

Strategic Intent

Putting broadcasting and broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Provide content that drives audiences and delivers public value, whilst meeting both the public service mandate and sustainability of the organisation	Sport programming that delivers *ROI	Reduce cost of production by 10% across the board on sport production	-	-	-	10% production cost reduction
	Talented skills retained	Hot talent loss reduction by 10%	-	100% contracting of training & contracting of Key talent	-	10% reduction in skills lost
	Reduced impairments	Reduce the number of titles that are **impaired by 50%	10% reduction	15% reduction	15% reduction	10% reduction
	Local commissioned Content cost containment	Average cost per minute per genre limited to 2% increase form FY10/11 baseline	Programme ***CPM for quarter reduced by 2%	Programme CPM for quarter reduced by 2%	Programme CPM for quarter reduced by 2%	Programme CPM for quarter reduced by 2%

*ROI – Return on Investment

***CPM – Cost Per Minute

** Impairment – programmes acquired but not aired

Key Performance Indicators

Pillar 1: Programming: Quality, Purchasing & Commissioning

Strategic Intent

Putting broadcasting and broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Provide content that drives audiences and delivers public value, whilst meeting both the public service mandate and sustainability of the organisation	Foreign license costs containment	Reduce new deal values by 10% (Measured in US\$, excluding SABC3 turnaround strategy procurement)	Programme licence costs for quarter reduced by 10%	Programme licence costs for quarter reduced by 10%	Programme licence costs for quarter reduced by 10%	Programme licence costs for quarter reduced by 10%
	Education delivery on radio, television & outreach	Deliver *mandate hours in line with license conditions	Deliver quarterly mandate hours	Deliver quarterly mandate hours	Deliver quarterly mandate hours	Deliver quarterly mandate hours

*Mandate – ICASA stipulates number of hours education that must be delivered per T V Channel and Radio Station.

Key Performance Indicators

ICASA Licences Conditions - Television

	SABC1		SABC 2		SABC3	
	FY 10/11	FY 11/12	FY 10/11	FY 11/12	FY 10/11	FY 11/12
News	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily	7h/week 3.5h in prime time 30 minutes packaged as a single programme daily
Current Affairs	6h/week 2h in prime time	7h/week 2h in prime time	6h/week 2h in prime time	7h/week 2h in prime time	5h/week 1h in prime time	5h/week 1h in prime time
Informal Knowledge-Building	16h/week 2h in prime time	16h/week 2h in prime time	18h/week 2h in prime time	18h/week 2h in prime time	12h/week 2h in prime time	12h/week 2h in prime time
Documentary	5h/week 2h in prime time	5h/week 2h in prime time	5h/week 2h in prime time	5h/week 2h in prime time	5h/week 2h in prime time	5h/week 2h in prime time
Drama	24h/week 8h in prime time 4h SA in prime time	24h/week 8h in prime time 4h SA in prime time	24h/week 8h in prime time 4h SA in prime time	24h/week 8h in prime time 4h SA in prime time	24h/week 8h in prime time 4h SA in prime time	24h/week 8h in prime time 4h SA in prime time
Children's	20h/week	20h/week	15h/week	15h/week	12h/week	12h/week
Education	10h/ week	10h/ week	10h/ week	10h/ week	-	-

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Putting Broadcasting and Broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	Reestablishment of the market intelligence function to drive business decision making informed by audience requirements	<ul style="list-style-type: none"> Centralisation of services Department resourced Research delivery to meet organisational requests 	Operating model & structure designed	Structure implemented	-	All departmental deliverables achieved
	Television Audience delivery	60%	60%	60%	60%	60%

*ROI – Return on Investment

** Impairment – programmes acquired but not aired

Key Performance Indicators

Measurement of Television audiences:

- Television information is available to the industry through TAMS (Television Audience Measurement Survey). The South African Advertising Research Foundation, SAARF TAMS, is able to measure the second-by-second television audience in a representative sample of homes with TV and mains electricity in which TAMS meters are installed. The 'peoplemeter' as it is called is an electronic, semi-automatic system used to measure television-viewing patterns worldwide
- Definition of Share
 - The share that the selected programme has in percentage terms against all ratings available for that target audience at that time. The share can show the user a level of suitability of a particular program for a target.
- Performance Period
 - SABC Television performance period is measured as 5am to 11pm Monday to Sunday
- Audience Segment
 - "All adults" refers to audiences ages 16+
 - LSM 7-10 refers to All Adults within the Living Standard Measurement of 7-10

Key Performance Indicators

Measurement Radio Listenership

- Radio information is available to the industry through RAMS[®], RAMS is a data set which combines information that is collected through the SAARF Radio Audience Measurement Survey (RAMS[®]) and the SAARF All Media and Products Survey (AMPS[®]). All respondents that participate in AMPS[®] also fill in radio diaries. For the RAMS[®] database, a technique called “flooding” is used to increase the sample size to allow for six data releases per year. Flooding means that in addition to the AMPS[®] respondents, all other adults in the household are asked to complete the radio diary.
- Listenership is measured as a gross quarterly listenership Monday to Friday all adults
- Audience Segment
 - “All adults” refers to audiences ages 16+

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Putting Broadcasting and Broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	Turnaround strategy for SABC3 to deliver on audience targets	16% LSM 7-10	16% LSM 7-10	16% LSM 7-10	16% LSM 7-10	16% LSM 7-10
	All Radio listenership increased to 67%	67%	67%	67%	67%	67%
	ICASA Mandate delivered for Radio & TV	Meet Mandate targets	As per quarterly targets	As per quarterly targets	As per quarterly targets	As per quarterly targets

*LSM 7-10 refers to All Adults within the Living Standard Measurement of 7-10

- 16% straight line not cumulative
- 67% straight line not cumulative

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Putting Broadcasting and Broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News
 Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	Plan of delivery for commercial launch of DTT Platform	Business case signed off and platform ready for launch	Business plan prepared	-	-	SABC multiplex ready for launch
	<ul style="list-style-type: none"> Digital Media and Technology division established Business unit structure resourced 	<ul style="list-style-type: none"> Establishment of Digital Media division and implement operating model and structure for the combined division (Digital Media and Technology) Recruit resources to staff future IT business unit 	Digital Media division established in Organisational structure	-	Fully resourced unit	-

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Putting Broadcasting and Broadcasters back in the forefront of what the organisation is about and editorial integrity back into the platforms and programmes of the SABC in particular News
 Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	<ul style="list-style-type: none"> • Delivery of public value as per research findings • Research that shows SABC meets public value (targets to be set) 	<ul style="list-style-type: none"> • Public value research conducted • Meet public value targets as set 	Identification of drivers of public value	Research conducted	-	-
	Increased reach of SABC services through the rollout of low power transmitters	100 low power transmitters operational	40 low power transmitters operational (cumulative)	65 low power transmitters operational (cumulative)	80 low power transmitters operational (cumulative)	100 low power transmitters operational

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	Digital Playout Centre project implemented	Complete on site build, and the commission and testing	Contracting with Vendor for delivery	Delivery as per project plan	Delivery as per project plan	Delivery as per project plan
	Digital Library project implemented	Overall solution design completed and initial implementation under-way	Contracting with Vendor for delivery	Delivery as per project plan	Delivery as per project plan	Delivery as per project plan
	Storage Area Network project implemented	Complete implementation and facility operational	Contracting with Vendor for delivery	Delivery as per project plan	Delivery as per project plan	Delivery as per project plan
	Upgrades to Studios 1 and 2 Implemented	Both studios completed and operational	Contracting with Vendor for delivery	Delivery as per project plan	Delivery as per project plan	Delivery as per project plan

Key Performance Indicators

Pillar 2: Platform Management

Strategic Intent

Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Delivery of public service broadcasting that achieves the organisation's mandate delivery, drives audiences, and creates public value	Critical infrastructure in Final Control Centre implemented	3 FCCs completed and operational	-	1 FCC Completed	2FCCs Completed	3 FCCs Completed
	Newsroom production and computer system implemented	System implemented and operational	-	-	-	System implemented and operational

Key Performance Indicators

Pillar 3: News

Strategic Intent

- South African news provider of choice
- Building brands that reflect excellence and the South African identity in every way

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Provide distinctive public service broadcasting through compelling nation news that is regionally focused and international news from an African perspective	News programming that delivers audiences and achieves slot targets. Improve audiences from 7% to 10%	Stem further loss of audiences Achieve 7% audiences	–	–	–	7% audiences
	24 hour news channel launched	Launch the 24 Hour News Service, by Oct 2011	–	–	Launch channel 1 st Oct 2011	–
	Local Government Elections •Provision of platform for citizens, politicians and parties to relay their campaign messages •Balanced analysis of election issues •Broadcast of IEC results	Ensure a successful, fair and balanced broadcast coverage with national - reach.	Ensure a successful, fair and balanced broadcast coverage with national -reach	–	–	–



Key Performance Indicators

Pillar 4: Governance

Strategic Intent

- Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance
- Focusing on the performance of the organisation at every level and holding individuals accountable for delivery

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Review of operational policies and procedures to ensure alignment with new operating model	Headcount reduction to the targeted operating model	15% reduction	–	–	–	15% reduction in head count
	Review and revised editorial policy	Launch updated, relevant Editorial Policy	–	Editorial Policy Review	–	Revised Editorial policy approved

Key Performance Indicators

Pillar 4: Governance

Strategic Intent

- Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance
- Focusing on the performance of the organisation at every level and holding individuals accountable for delivery

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Ensure operational efficiency so as to drive business performance	Business performance management	Annual performance contracting	–	–	–	Corporate Plan submitted to shareholder 28 th February
		Quarterly evaluation	Evaluation	Evaluation	Evaluation	Evaluation
	Individual performance management	Annual performance contracting and	Performance contracts for all Executive and Senior Mgt performance contracting	–	–	–
		Quarterly evaluation	Evaluation	Evaluation	Evaluation	Evaluation
	Union Relationship Management	Negotiation agreements signed	All negotiation agreements signed	-	-	-

Key Performance Indicators

Pillar 4: Governance

Strategic Intent

Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Embed risk management into the day-to-day activities of the company	Application of the organisational Risk management framework	Risk reporting structures established	-	Risk reporting structures established (Aug 2012)	-	-
		Conduct internal risk assessment workshops to review and update SABC risk register	-	-	-	Internal risk assessment complete (Feb 2012)

Key Performance Indicators

Pillar 4: Governance

Strategic Intent

Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Embed risk management into the day-to-day activities of the company	Increase controls around fruitless and wasteful expenditure	Review of procurement processes	-	Procurement processes reviewed	-	-
		Review of Delegation of Authority Framework (DAF)	-	-	-	Revised DAF in alignment with new operating model
		Review and refinement of the internal audit	-	Internal Audit strategy developed	-	-

Key Performance Indicators

Pillar 4: Governance

Strategic Intent

Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Embed risk management into the day-to-day activities of the company	Embed risk management into the day-to-day activities of the company	Evaluation of the optimal cost of compliance as a percentage of revenue	-	-	Cost of compliance requirement completed	-
		Reduce cost of compliance to agreed percentage of revenue	Performance Management - Reward linked to performance strategy & implementation	-	-	Cost reduction strategy complete

Key Performance Indicators

Pillar 5: People

Strategic Intent

Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance
Focusing on the performance of the organisation at every level and holding individuals accountable for delivery

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Attraction, retention and development of resources to drive organisational delivery.	Embed a performance culture to ensure efficiency and effectiveness	Performance Management - Reward linked to performance strategy & implementation	Performance mgt strategy developed and rolled out across all levels (April 2011)	-	-	-
	Leadership development programme implemented	Development & implementation	Leadership development programme developed	Implementation	Implementation	Implementation

Key Performance Indicators

Pillar 5: People

Strategic Intent

- Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance
- Focusing on the performance of the organisation at every level and holding individuals accountable for delivery

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Attraction, retention and development of resources to drive organisational delivery.	Organisation design, work study, job profiles and competency profiles	Organogram approved and cascaded. Job profiles determined by Organisation Design and graded by remuneration department. Roles and responsibilities defined. Competency profiles determined.	Organisational design developed and approved	Organisational structure developed	-	-
	Training of staff to ensure business proficiency and effectiveness	Comprehensive training strategy aligned to SABC business operating model and strategic direction	Training strategy developed and implemented	Implementation	Implementation	Implementation

Key Performance Indicators

Pillar 5: People

Strategic Intent

Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Attraction, retention and development of resources to drive organisational delivery.	Review cost impact policies:	Leave Policy	-	Policy Reviewed	-	-
		Acting Policy	Policy Reviewed	-	-	-
	13th Cheque Policy	Policy Reviewed	-	-	-	
	Senior Managers Car Scheme Policy	Policy Reviewed		Policy Reviewed		
	Transfer Policy	-	Policy Reviewed	-	-	
	Adhoc rewarding of Staff	-	-	-	Policy Reviewed	
	Consolidated Remuneration Policy	-	-	-	Policy Reviewed	
	Change to Total Cost Of Employment	Change to TCOE	Implemented for New Hires	-	Implemented up to 130 grade	-
	Medical aid Policy Review	Medical aid Policy Review	-	-	-	Policy Reviewed

Key Performance Indicators

Pillar 5: People

Strategic Intent

- Building the digital SABC and integrating the digital future into all plans and actions
- Having an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Attraction, retention and development of resources to drive organisational delivery.	Skills audit completed • Confirmed Job Families • Conduct Audit and report on gaps • Design strategies to close gaps	Skills audit completed	-	-	-	Skills audit complete
	Succession Planning Policy and plan in place and executed	<ul style="list-style-type: none"> • Succession Policy • Development Plans for potential successors <ul style="list-style-type: none"> ○ Redesigned and SABC tailored leadership pipeline 	Policy developed and implemented	-	-	-

Let us be the One...



Key Performance Indicators

Pillar 6: Financial Health

Strategic Intent

- Building an organisation that is economical, efficient and effective
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Increase revenues by ensuring organisational effectiveness, efficient service delivery and the establishment and development of alternative income streams	Revenue Targets met	R4.050 billion.	100% of quarterly target	100% of quarterly target	100% of quarterly target	100% of quarterly target
	Maintain Cost of Sales Ratio of 5.5%.	Based on Revenue Budget. Cost of Sales 5% (R217m)	-	-	-	Cost of sales @ R217m
	Manage working capital - Reduce debtors days	73 days	85 days	81 days	77 days	73 days
	Share of Advertising revenue maintained	TV – 54% Radio – 45%	-	-	-	Total revenue share TV - 54% Radio - 45%
	Government Subsidy requests made	<ul style="list-style-type: none"> • Lowest-income households with TV sets • Concessionary TV licence holders 	Request made	-	-	-



Key Performance Indicators

Pillar 6: Financial Health

Strategic Intent

- Building an organisation that is economical, efficient and effective
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Increase revenues by ensuring organisational effectiveness, efficient service delivery and the establishment and development of alternative income streams	TV Licence collection targets met	R1.019 bln	100% of quarterly target	100% of quarterly target	100% of quarterly target	100% of quarterly target
	Maintain acceptable cost-to-revenue-ratios	Collection cost as % of operating revenue	-	-	-	Cost of collection at 19%
		External operating costs as % of operating revenue	-	-	-	External operating cost at 10%
	Increased revenues from alternative revenue streams	R51.3m	100% of quarterly target	100% of quarterly target	100% of quarterly target	100% of quarterly target
	<ul style="list-style-type: none"> •Digital Media •Content exploitation •Co-production 					

Key Performance Indicators

Pillar 6: Financial Health

Strategic Intent

- Building an organisation that is economical, efficient and effective
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Increase revenues by ensuring organisational effectiveness, efficient service delivery and the establishment and development of alternative income streams	Asset management strategy developed and implemented	Create organisational structure for Property and Facilities function and transfer all staff in to that structure	-	-	Organisational design and structure developed	-
		Approved property strategy	-	-	-	Property strategy developed (Jan 2012)

Key Performance Indicators

Pillar 6: Financial Health

Strategic Intent

- Building an organisation that is economical, efficient and effective
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Enhance operational efficiency that drives the performance of the organisation in a digital era; through the development of an optimal operating model, efficient processes, astute intellectual property and supply chain management as well as a robust risk management framework	<ul style="list-style-type: none"> • Supply chain management strategy implemented 	Centralisation of Procurement	Centralisation of Procurement (June 2011)	-	-	-
	<ul style="list-style-type: none"> • Realise Savings 	Creation of Bid Spec Committees	Creation of Bid Spec Committees (June 2011)	Realise savings	Realise savings	Realise savings



Key Performance Indicators

Pillar 6: Financial Health

Strategic Intent

- Building an organisation that is economical, efficient and effective
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Increase revenues by ensuring organisational effectiveness, efficient service delivery and the establishment and development of alternative income streams	TV Licence collection targets met	R1.019 bln	25%	25%	25%	25%
	Maintain acceptable cost-to-revenue-ratios:	Collection cost as % of operating revenue	-	-	-	Cost of collection at 19%
		External operating costs as % of operating revenue	-	-	-	External operating cost at 10%
	Increased revenues from alternative revenue streams	R51.3m	25%	25%	25%	25%
	<ul style="list-style-type: none"> •Digital Media •Content exploitation •Co-production 					

Key Performance Indicators

Pillar 7: Stakeholder Management

Strategic Intent

- Building brands that reflect excellence and South African identity in every way
- Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Engagement of stakeholders to enhance business relations thereby creating better environment for execution of business processes	Enterprise stakeholder management plan implemented	<ul style="list-style-type: none"> • Strategy developed • Implementation on strategy 	Strategy developed & approved	Implementation	Implementation	Implementation
	Regional structure revised & implemented	Strategy approved and new reporting lines established	Strategy developed & approved	Implementation	Implementation	Implementation
	Brand & Reputation of SABC improved	5 brands win awards in Top 10 brands survey or awards ceremonies	-	-	-	5 brands win awards in Top 10 brands survey or awards ceremonies

Key Performance Indicators

Pillar 7: Stakeholder Management

Strategic Intent

Building brands that reflect excellence and South African identity in every way

Building the digital SABC and integrating the digital future into all plans and actions

Strategic Objective	Key Deliverables	Key Performance Indicator / Target				
		FY11/12	Quarterly Targets			
			Q1	Q2	Q3	Q4
Engagement of stakeholders to enhance business relations thereby creating better environment for execution of business processes	Own all the national awards, SAMA, SAFTA, Louries, National Sports, News	Win 60% of categories in all awards	-	-	-	Awards in 60% of categories
	Strategic marketing plan and implementation thereof in all marketing areas : •Television •Radio •News •Sport •Trade marketing	<ul style="list-style-type: none"> Recruitment of Marketing Head Strategy approved & Implementation 	Recruitment of Marketing Head (June 2011)	Strategy approved (Sep 2011)	Implementation	Implementation

Agenda

1 SABC Performance Measure FY11/12

2 **Universal Access**

3 Catering for Disability

4 Voter Education

5 Governance Review

6 Operating Model

7 Resourcing the Strategy

Universal Services

- Since 1993, the SABC has made tremendous efforts to increase access of its services to all South Africans

Progress made since 1993

Television			
	SABC 1	SABC 2	SABC 3
1993	(then CCV-TV) 72.5%	(then TV1) 76.4%	(then NNTV) 56.1%
1999	82.1%	85.46%	71.86%
2003	89%	91%	77%
2011	91.2%	92.5%	82.1%

The coverage percentages for the coverage of each television channel are based on a percentage of the total South African population.

Universal Access

Radio			
Radio Service	Before expansion (After integration)	As of October 2003	As of May 2011
Ikwekwezi FM	30%	67%	81.5%
Lesedi FM	73%	85%	76.8%
Ligwalagwala FM	34%	71%	68.3%
Motsweding FM	86%	86%	86.7%
Munghana Lonene FM	84%	84%	83%
Phalaphala FM	79%	79%	78.1%
RSG	87%	87%	89.2%
SAFM	95%	95%	95.6%
Thobela FM	73%	78%	83.3%
Ukhozi FM	69%	81%	87%
Umhlobo Wenene FM	79%	79%	77%

The coverage percentages for each PBS radio station is based on a percentage of total number of language speakers based on the Statistics SA census data.

Universal Services

- There is still an estimated 3.6 million South Africans who do not have free-to-air access to any SABC television services, and about 5 million who do not have access to radio services
- The SABC has together with Sentech embarked on a project to increase the network distribution of its services, through the installation of 300 low-power transmitters across South Africa over the next three years
- The rollout thereof, is expected to increase coverage on terrestrial television and radio by approximately 1.5 million people, about 3% of the total population

Universal Services

- The project will require funding of R50m for the set up cost, paid to Sentech for the installation of the estimated 300 low-power transmitter sites, 100 transmitters per annum
- A further 300 low-power transmitters will give total coverage at an estimated cost of R50m
- Constraints on delivery:
 - Funding of the set up costs
 - Sentech's capacity to delivery on the required number of sites
 - Site identification due to inadequate census information

Agenda

1 SABC Performance Measure FY11/12

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3 **Catering for Disability**

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Catering for Disability

- As the public service broadcaster the SABC is committed to providing services to all its citizens
- Admittedly it has experienced challenges (notably financial) in delivering in some areas, e.g. catering holistically for citizens with disabilities
- Engagement has however been happening and continues to take place with societies, such as the Deaf Society, to ensure that the interests of all interests groups are met as adequately as possible

Catering for Disability

- The SABC currently provides subtitling on many of its local content programmes, and is ensuring the provision of wall to wall subtitling so as to better provided for deaf viewers. The move to a DTT platform will enable the SABC to better provide for people with disability through:
 - Close captioning
 - Multiple video broadcasting including-in-screen
 - Audio description
- Constraint will however existing, in funding this delivery

-
- **Closed captioning** is the process of displaying text on a TV, to provide additional or interpretive information to individuals who wish to access it
 - **Multiple video** is the ability to view multiple video on one screen, allowing for sign language picture screen to be optionally displayed for deaf viewers
 - **Audio Description** is the functionality that provides for the description of what is happen in a programme for accommodation of blind viewers

Agenda

1 SABC Performance Measure FY11/12

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Voter Education Programming

The SABC has through new as well as its mainstream programming, provided voter education to the South African viewers on both its television and radio platforms in preparation for the Local Government Elections

Election Spend

Promos	Value
Television (3 TV Channels)	R 6,135,250
Radio (18 Radio Stations)	R 21,047,854
Programming	
Television (3 TV Channels)	R 4,728,536
Radio (18 Radio Stations)	R 12,322,701
Radio Elections Debates	R 6,186,534
Outside Broadcasts	
Town Hall Debates	R 6,795,320
	<u>R 57,216,195</u>
SABC News Investment	
IEC Support	R 17,000,000
IEC Discount	-R 10,000,000
Trade Exchange	R 7,000,000
	<u>R 14,000,000</u>
<u>Total SABC Elections Investment</u>	<u>R 71,216,195</u>

Voter Education Programming

Television

Documentaries	One Day Leader Democracy back to Human rights
Current affairs	Asikhulume Yilungelo Lakho Cutting Edge 50/50 Special Assignment
Election Debates	Chatroom Jika Majika Interface
Soaps	Generations 7de Laan Isindingo
Other	Mzansi Inside Live Yo TV Blue Couch Live
Education (TV)	Walala Wasala 4 Shift 6 The Right to Win, democracy game show Talk SA Hola Hamonate 3

Voter Education Programming

Through its 15 PBS an 3 PCS radio stations, SABC Radio has been providing the following elections programming

Radio	
Programming Imperatives	Brief Programme Formats (Methods)
Education (Radio)	<ul style="list-style-type: none"> • Civic Slot • Youth Ke Yona • Road shows: Free State Province OB
Voter Education	<ul style="list-style-type: none"> • Youth Talk Shows • Magazine Shows • Drama • Interviews • Current Affairs Shows • Live Reads
Elections Outside Broadcasts	<ul style="list-style-type: none"> • Town Hall Debates
Elections Debates	<ul style="list-style-type: none"> • Talkback Shows • Interviews • Current Affairs Shows
Elections PROMOs	<p>30-45 seconds PROMOs initiated by SABC Radio Management:</p> <ul style="list-style-type: none"> • Voter Registration Campaign • Elections Date promotion • Youth, Disabled & Aged participation • Democracy & Social Cohesion • Role of Local Govt in Service Delivery



Agenda

1 SABC Performance Measure FY11/12

2 Universal Access

3 Catering for Disability

4 Voter Education

5 **Governance Review**

6 Operating Model

7 Resourcing the Strategy

Governance Review

- In support of the Company Secretariat Office, the SABC has employed, on a six month fixed term contract, the services of an Office Manager
- Two deputy Company Secretaries are currently in recruitment
- Compliance review will be conducted as part of the annual audit
- After consultation with the DoC and consequent financial review by Sizwe Ntsaluba VSP, the SABC is currently reviewing it's Corporate Plan FY2011 submission as well as its Shareholder Compact, so as to ensure the incorporation of:
 - It's 36 month cash flow statements
 - It's quarterly measurement provisions
 - The Treasury Guidelines on Corporate Planning and Shareholder's Compacts
 - Inputs from the Parliamentary Portfolio Committee on Communications meeting of the 20th April 2011

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SABC Operating Model

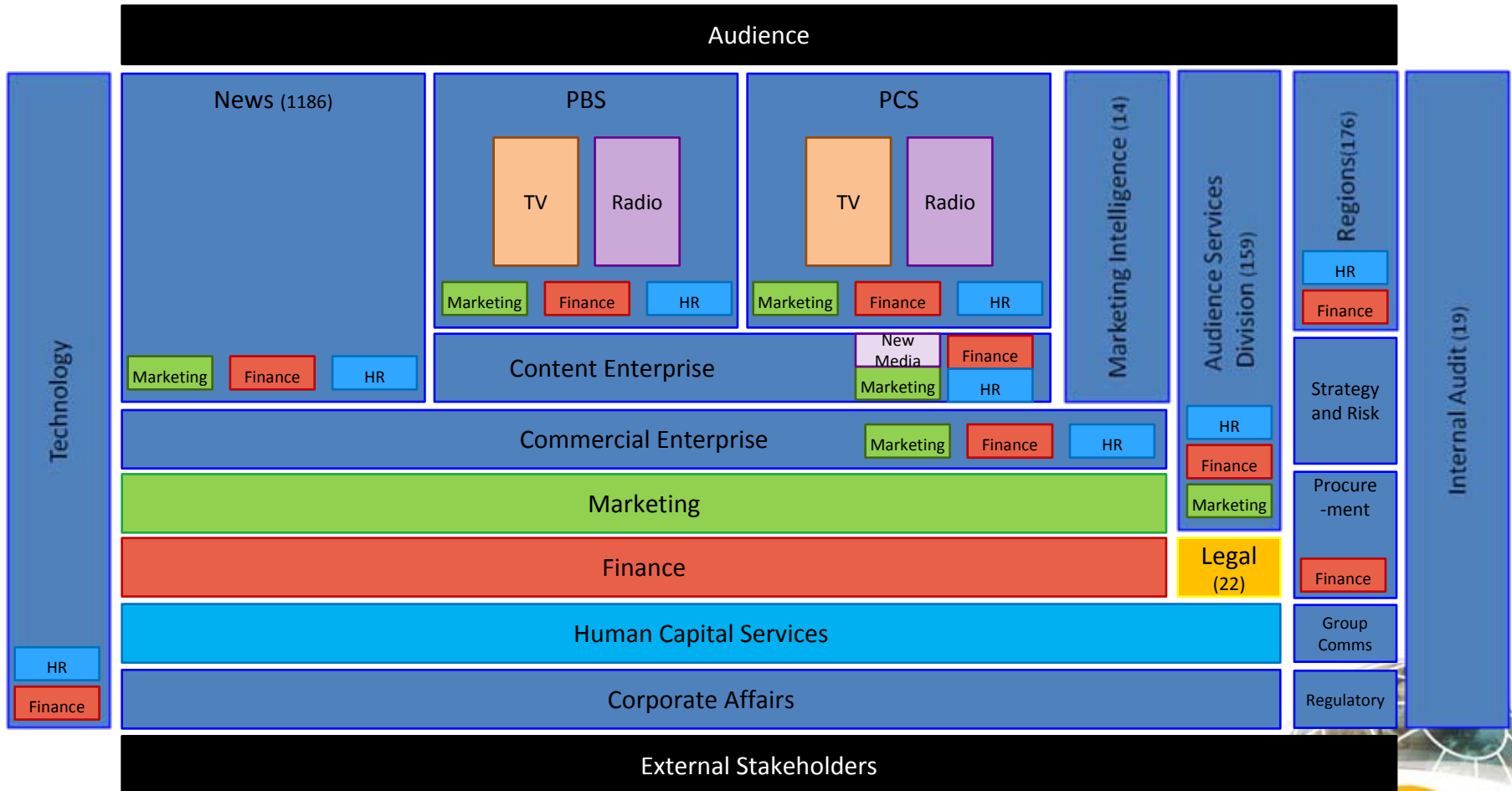
Pre Turnaround

Let us be the One...



We have represented the current SABC in terms of its core and supporting functions, rather than a hierarchy

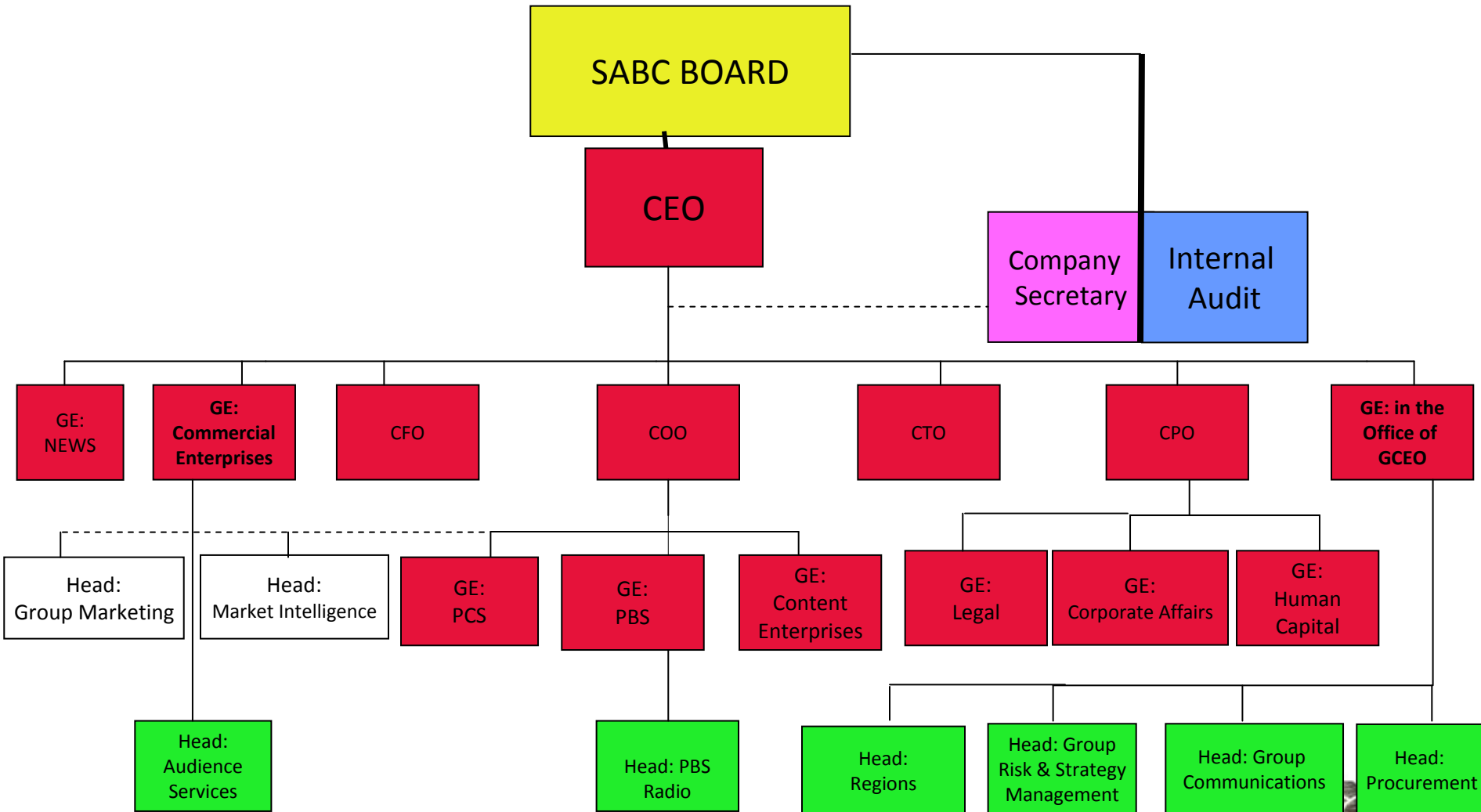
Representation of SABC operating model



Let us be the One...



SABC Executive Structure



Let us be the One...



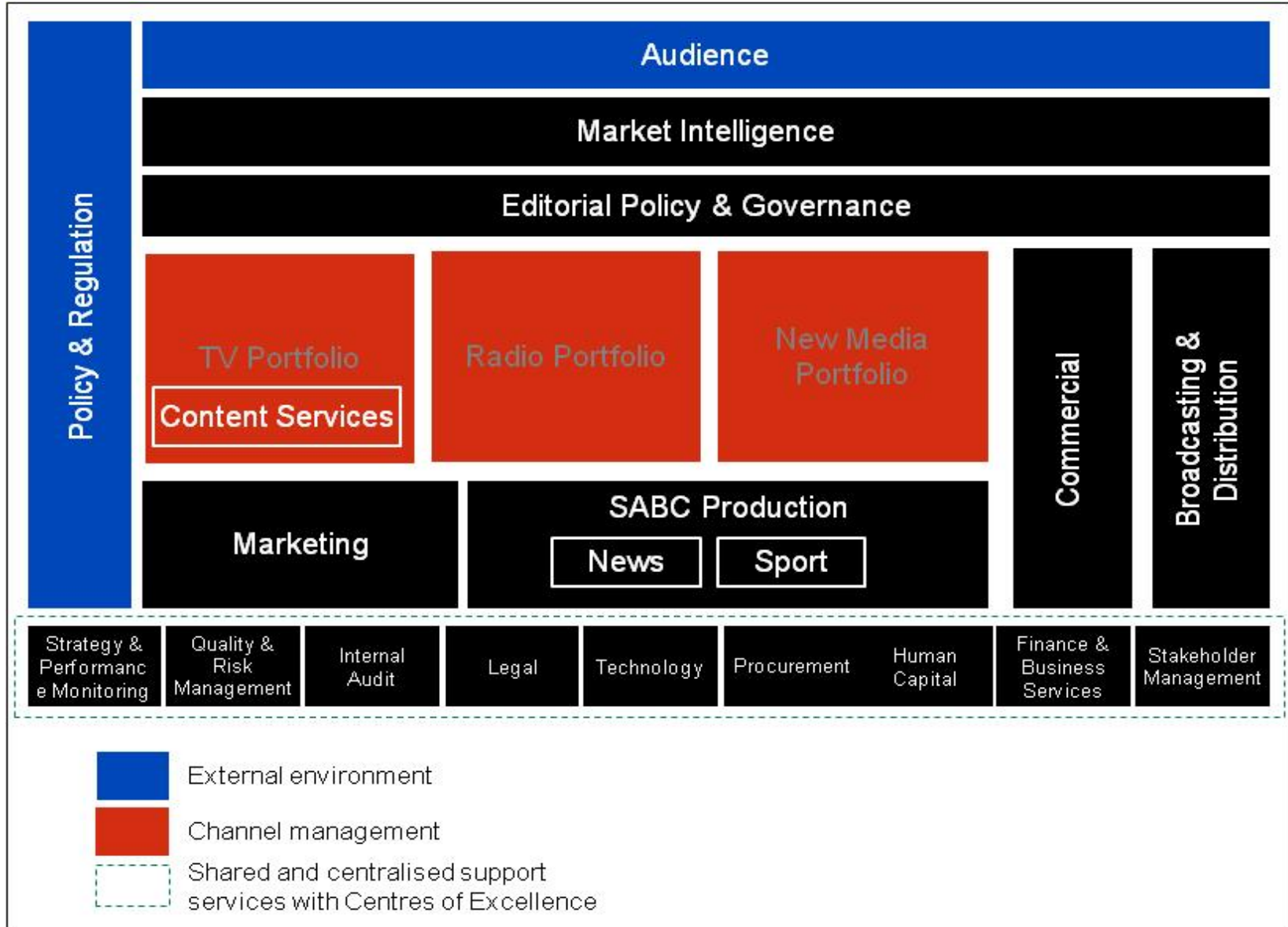
SABC Operating Model

Turnaround

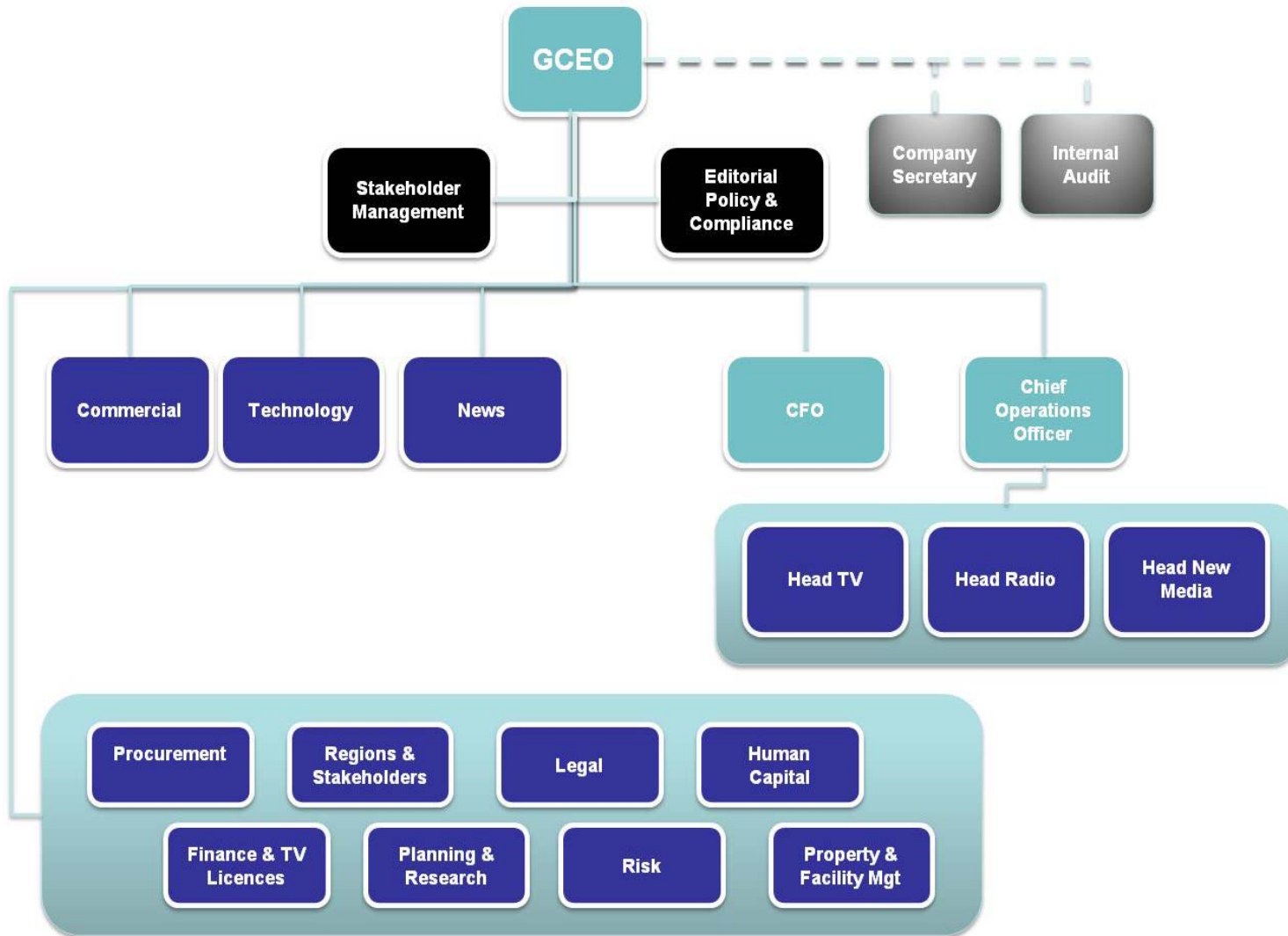
Let us be the One...



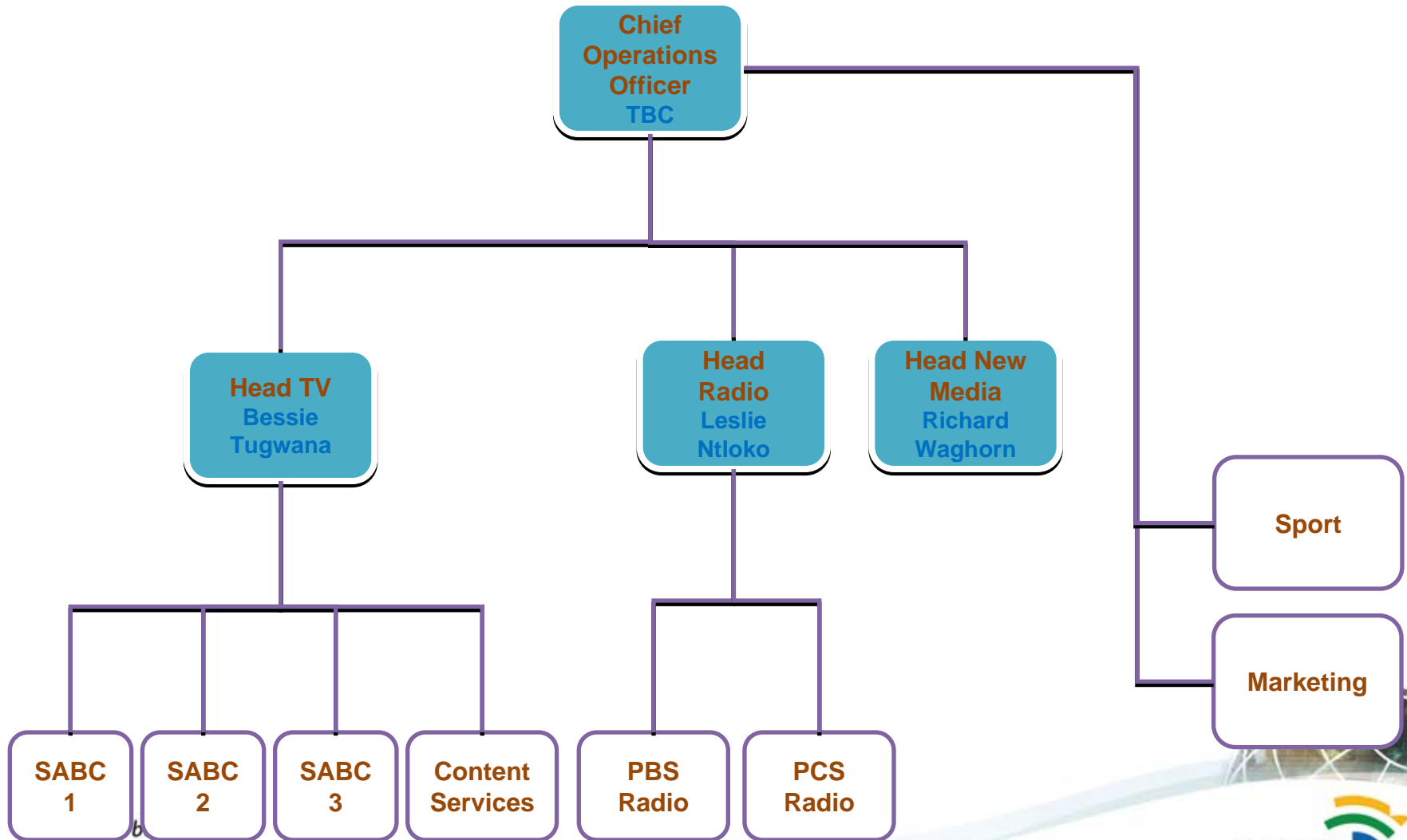
Design Required Operating Model



SABC Executive Structure



Chief Operations Office



Executive Structure Review

	Apr-08	Proposed
Scale Code	# of Incumbents	# of Incumbents
110A	2	3
110	3	0
115	11	10
120	81	46
Grand Total	97	59

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Resourcing the Strategy

- The austerity measures employed by the organisation over the past three years, has resulted in a decrease and in some cases, lack of investment in many core business activities i.e.:
 - Local and international content that will assist the SABC Channels in driving audiences and therefore increased revenue
 - Marketing expenditure to promote both SABC brands as well as promotion of programming which drives views to channels
 - Infrastructure upgrade to support operational efficiency
 - Human Capital skill sets to assist the organisation in transitioning into a digital broadcaster

Resourcing the Strategy

- In funding the strategy, the SABC has assessed its financial requirements, as well as its financial obligations to ensure that it is able to remain financially viable
- The budget is prepared based on the input from all the various programmes/departments in the organisation with a key focus on the following drivers:
 - Placing broadcasting at the centre of the organisation
 - Positioning the SABC as a digital media organisation
 - Re-gaining audience share
 - Re-gaining ad-revenue share
 - Employee numbers and cost
 - Key turnaround programmes
 - The enterprise Operating Model

Resourcing the Strategy

- **Scenario 1**

- Based on the targets set for the enterprise as per the Government Guarantee (GG) targets

- **Scenario 2**

- Based on the requirement of the GG for a net profit of R228m, however with lower revenue target (this revenue target is adjusted down in line with the current market growth projections for classical and sponsorship revenues) and lower expenses than GG so as to achieve the GG net profit of R228m
- This scenario however does not accommodate the business requests that are critical to drive the enterprises' turnaround

- **Scenario 3**

- This scenario takes into account the investments required by the enterprise in order for it to deliver on its turnaround
- It will unlock value and lead to increased revenue and that will enable the SABC to repay the Nedbank Loan when the first instalment falls due on February 2012

