120502 PCCOM

SABC PRESENTATION OF

CORPORATE PLAN 2012 – 2015

PARLIAMENTARY PORTFOLIO COMMITTEE

ON COMMUNICATIONS

2 May 2012

NB: CHANGES WERE MADE TO THIS DOCUMENT: UPDATE TO FOLLOW.

Presentation Structure

1. The first part of the presentation is derived from the first part of the SABC 2012-2015 Strategic Plan received by the PCC on April 28, 2012

2. What this section seeks to do is provide the strategic underpinnings of the Corporate plan:

   2.1 as laid out in pages 3-5 under the heading "Overview and Background"

   2.2 as laid out in pages 29-30 under the heading "Broad Strategic Objectives"

   2.3 as laid out in Annexure A as "SABC Integrated Turnaround Deliverables: 2012-2015

   2.4 as laid out in Annexure B as "Risk Management and Fraud Prevention Plans

AGENDA

1	SABC Vision, Mission and Values
2	Executive Summary
3	Broad Strategic Objectives FY2011-14
4	Key Strategic Deliverables FY2012-15
5	SABC Multi-Platform Distribution Strategy
6	Platform Strategy
7	Key Performance Indicators
8	Government Guarantee Targets
9	Financial Plan FY2012-2015
10	Questions & Answers

Vision

Broadcasting For Total Citizen Empowerment.

Mission

To be a people centered, content driven, technology enabled, strategically focused and sustainable public service broadcaster.

Corporate Values

Conversations and partnerships

Restoration of human dignity

Building a common future

OVERVIEW AND BACKGROUND

Business Structure

- The mandate for the SABC is set out in the Broadcasting Act (No 4 of 1999) and the White Paper on Broadcasting (1998).

- The obligations arising from the above are encapsulated in licence conditions for its television channels and radio stations as well as Regulations determined by the Independent Communications Authority of South Africa (ICASA).

- In terms of its legislative Charter, the SABC is charged with meeting the broadcasting needs of all South Africans.

- In line with the Broadcasting Act, the SABC was incorporated into a limited liability company in 2004, with two operational divisions; Public Broadcasting Services (PBS) and Commercial Broadcasting Services (CBS)..

- The SABC operates 18 radio stations and three television channels :
    - Public Broadcasting Services :   SABC 1, SABC2 and 15 Radio Stations
    - Public Commercial Broadcasting Stations: SABC3 and 3 Radio Stations
- It reaches about 24 million people daily in all South Africa's official languages.
- A range of programming is aired across its different platforms, including news and information, formal and curriculum based educational programming and entertainment
- The Corporation is further bound to meet licence conditions set for its individual radio stations and television channels,
- And has to abide by regulations set by ICASA outlining minimum quotas and standards on areas such as South African content.

- The SABC's public mandate is covered through a mix of revenues:
  - approximately 80% commercial revenue
  - approximately 18% licence fees revenue
  - Approximately 3% from the fiscus

The Broadcasting Act and SABC Charter

- The Charter for the Corporation is set out in Section 6 of the Broadcasting Act.

- It states that the SABC enjoys "freedom of expression and journalistic, creative and programming independence" and sets out a number of objectives for public broadcasting, stating that the SABC:

> "must encourage the development of South African expression by providing, in all South African official languages, a wide range of programming".

Specific obligations are outlined for the public services (two television channels and 15 radio services) in Section 10 of the Act.

The Key requirements for the public services

The public service provided by the Corporation must:

- Make services available to South Africans in all the official languages;
- Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
- Strive to be of high quality in all of the languages served;
- Provide significant news and public affairs programming which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;
- Include significant amounts of educational programming, both curriculum-based and informal educative topics;

The public service provided by the Corporation must:

- Enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
- Strive to offer a broad range of services targeting particularly, children, women, the youth and the disabled;
- Include programmes made by the Corporation as well as those commissioned from the independent production sector; and
- Include national sports programming as well as developmental and minority sports.

Legislative Tenets Informing the SABC Corporate Plane

The most important laws (as amended) that are currently in force and which govern various aspects of the SABC's affairs are as follows:

- The Sentech Act 63 of 1996
- The Broadcasting Act 4 of 1999
- The Public Finance Management Act of 1999 ("the PFMA")
- The Independent Communications Authority of South Africa Act 13 of 2000
- The Electronic Communications and Transactions Act 25 of 2002
- The Regulation of Interception of Communications and Provision of Communications–Related Information Act 70 of 2002
- The Broad-based Black Economic Empowerment Act 53 of 2003
- The Electronic Communications Act 36 of 2005
- The ICASA Amendment Act 3 of 2006
- The Companies Act, No.71 of 2008

Regulatory Environment

Three core ICASA regulations and policies are of particular relevance to the SABC: the South African Content Regulations;

- Regulations dealing with defining sports of national interest; and
- Regulations on advertising, sponsorship and infomercials.
- ICASA's **content regulations** outline minimum requirements for public and commercial services for radio and television.

As regards radio, all stations have exceeded the quotas for local music relevant to them.

Music Regulations and Licence Conditions

ICASA's *'South African Music Content Regulations',* Notice 153 of 2006, published in Government Gazette No 28453, 31 January 2006 prescribes the following minimum local music quotas to are be broadcast on radio between 05h00 and 23h00:

- Public radio stations must air at least 45% South African music; and
- Commercial radio stations must air at least 25% South African music

Television Content Regulations and Licence Conditions

The content regulations for television are more detailed and set minimum quotas for the different genres of programming, as well as overall percentages for content.

They also stipulate that independent producers must produce at least 40 % of any broadcaster's South African content.

The SABC has over the past few years exceeded these quotas and during the 2011/2012 financial year continued to do so.

ICASA Sports Broadcasting Rights Regulations on Sports of National Interest

ICASA set out the criteria for determining national sporting events as follows:

- The event must involve the South African national senior team; or
- The event must be the final of a national knockout competition; or
- The event must be the final of an international knockout competition featuring a South African team;
- The event must be played in South Africa
- International sports such as the FIFA World Cup, IRB Rugby World Cup, ICC Cricket World Cup, the African Cup of Nations, the Commonwealth Games, the Olympic Games, the All Africa Games, the CAF Champions League final and the Mandela Cup Final also qualify as sports of National interest ;

Regulations on Advertising and Sponsorship

While ICASA began reviewing its advertising review process in 2009, the SABC has remained mindful of its current licence condition which stipulates that advertising will be limited to 12 minutes per hour, 3 minutes of those being dedicated to channel self-promotion.

SABC

SABC CORPORATE STRATEGY
2012 - 2015

Executive Summary: Strategy 2012 - 2015

The SABC's strategic thrust and ambition has, during the past three years, focussed on ensuring:

(i) stability,

(ii) organisational renewal and rebuilding, and

(iii) financial sustainability.

The medium-term strategic view governing the period ending FY2014/15 will focus on the following:

- FY2012 /13: Implementation of SABC Compelling Digital Content Strategy
- FY2013/14: Conclusion of SABC Government Guarantee Deliverables;
- FY2014/15: Completion of SABC Digital Migration and Multi-Channel Offering.

Executive Summary contd.

DTT Strategy

- The SABC will launch its Digital Migration strategy with new channels alongside SABC 1, 2 and 3
- The SABC's PBS and PCBS radio channels will exist on the DTT as part of its universal service expansion
- Satellite Direct-to-Home (DTH carrying all the free SABC services on the DTT platform will be used to cover the remaining 16% of the country that is not covered by DTT. (with Sentech)
- The SABC will also provide a range of services over a Mobile TV platform and other mobile devices.

During the period 2012 – 2015, the performance of the SABC across all divisions and business units will continue to focus on ensuring financial sustainability by implementing the recommendations arising out of the turnaround strategy intervention focusing on addressing:

- Revenue Enhancements
- Cost Reduction measures
- Audience Attraction and Retention measures
- Enhanced Content Management
- Brand and Reputation Building

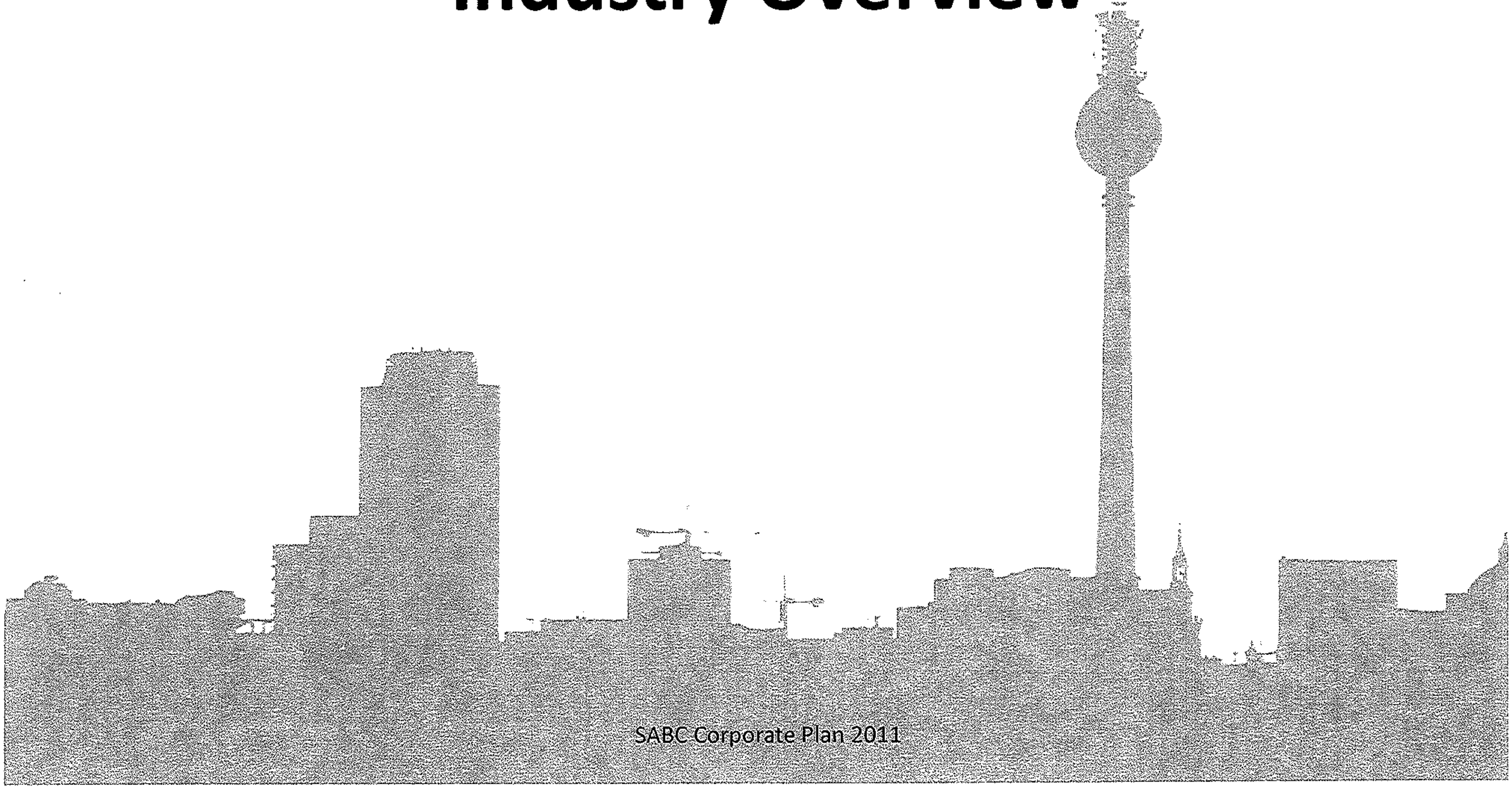
SABC Business Strategy Overview

This SABC Corporate Plan for the period 2012 – 2015 is premised on its research and strategy deployment programme which argues that

- The change in tastes of audiences is becoming crucial as the battle for audiences is getting tougher with the introduction of new players
- Audiences have a wider choice on how they consume media,
- The SABC needs to maintain relevance in a TV and Radio market that is becoming more competitive
- There is fierce competition for control in the converged broadcasting space and
- The changing market conditions are having serious and negative impact on revenue in the long term
- The advent of digital satellite broadcast has seen Pay TV operators increasingly penetrating the audience segments that have been the preserve of the SABC as a public broadcaster.

SABC

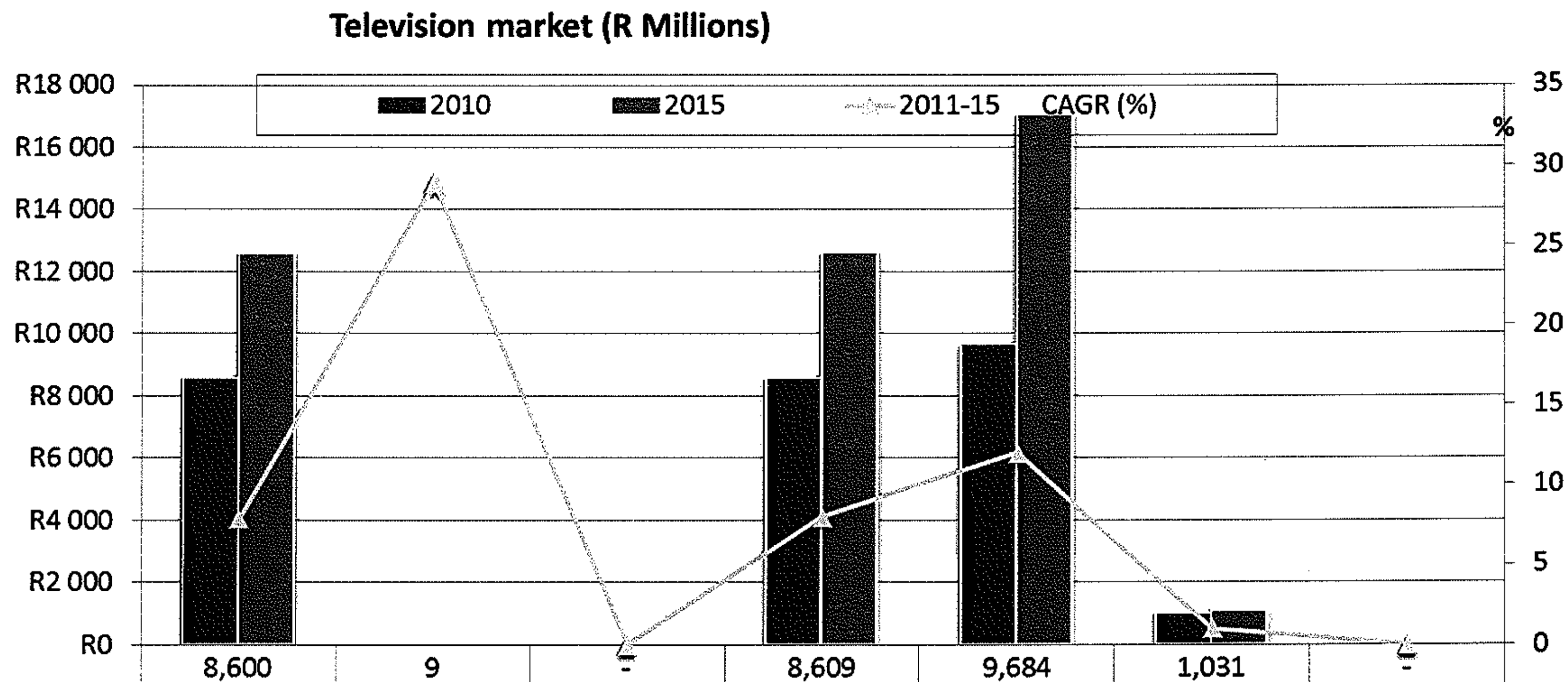
Industry Overview



Television Outlook at a glance (2010 - 2015)			
Television market (R Millions)	**2010**	**2015**	**2011-15 CAGR**
Broadcast advertising	8 600	12 600	7.9
Online TV advertising	9	32	28.9
Mobile TV advertising	-	22	-
Total TV advertising	8 609	12 654	8
Subscription spending	9 684	17 080	12
Public television licence fees	1 031	1 084	1
Mobile TV subscriptions	-	102	-
TOTAL	19 324	30 920	9.9

Source: PWC SA Entertainment & Media Outlook (2011-2015)

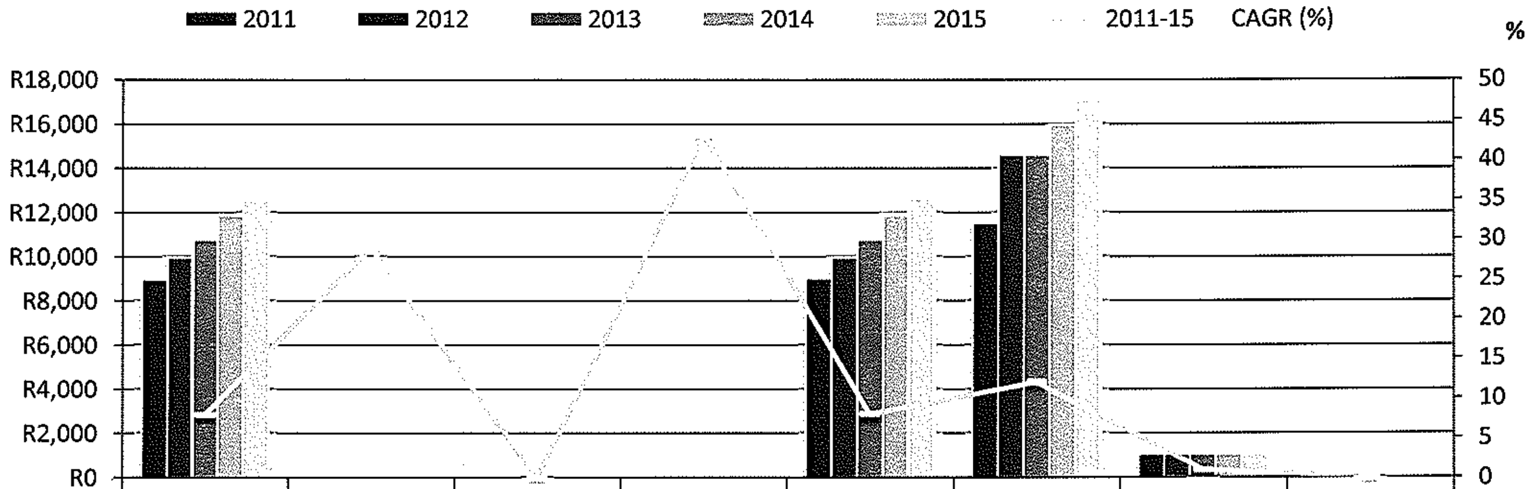
Television market (R Millions)



	Broadcast advertising	Online TV advertising	Mobile TV advertising	Total TV advertising	Subscription spending	Public television licence fees	Mobile TV subscriptions
2010	8 600	9	0	8 609	9 684	1 031	0
2015	12 600	32	22	12 654	17 080	1 084	102
2011-15 CAGR (%)	7.9	28.9	0	8	12	1	0

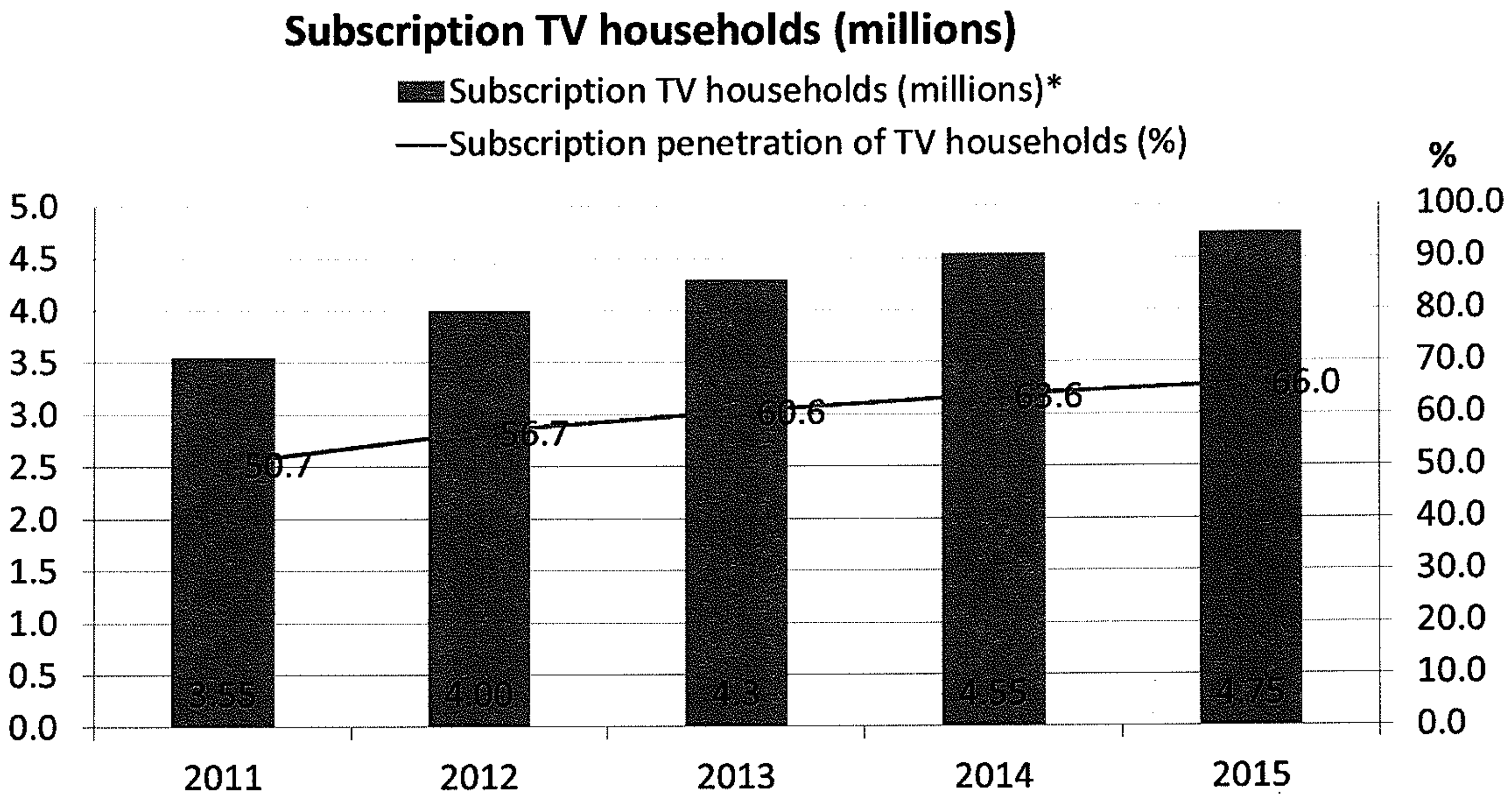
Source: PWC SA Entertainment & Media Outlook (2011-2015)

Television market (R Millions)



	Broadcast Adv.	Online TV Adv.	Mobile TV Adv.	Total online & Mobile TV Adv.	Total TV Adv.	Subscription spending	Public television licence fees	Mobile TV subscriptions
2011	9,000	12	2	14	9014	11,502	1,044	9
2012	9,950	15	7	26	9,968	14,629	1,051	38
2013	10,750	19	7	26	10,776	14,629	1,064	38
2014	11,850	24	14	38	11,888	15,916	1,071	69
2015	12,600	32	22	54	12,654	17,080	1,084	102
2011-15 CAGR (%)	7.9	28.9	0	43.1	8	12	1	0

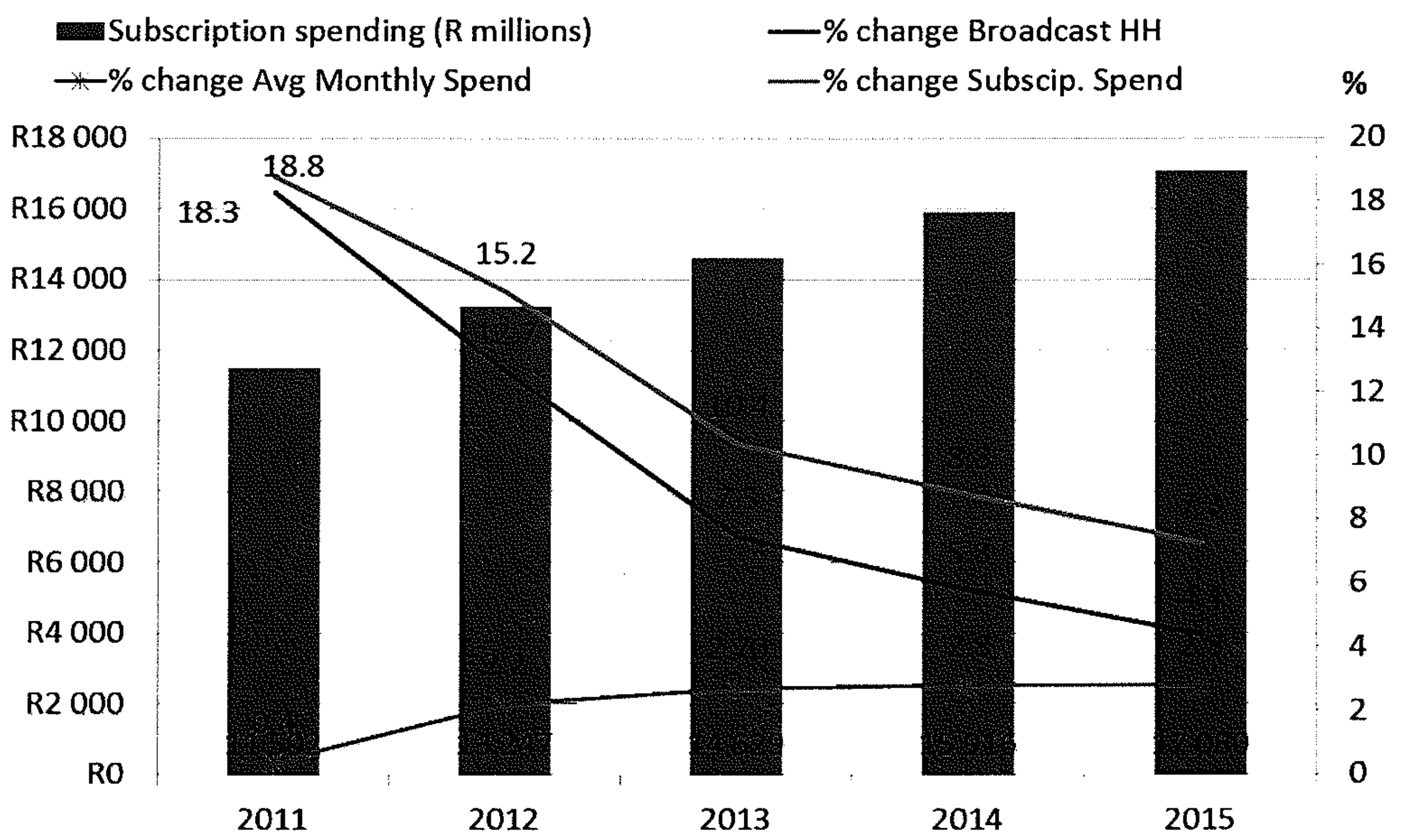
Source: PWC SA Entertainment & Media Outlook (2011-2015)



*Subscription figures are annuaL averages, not year-end totals

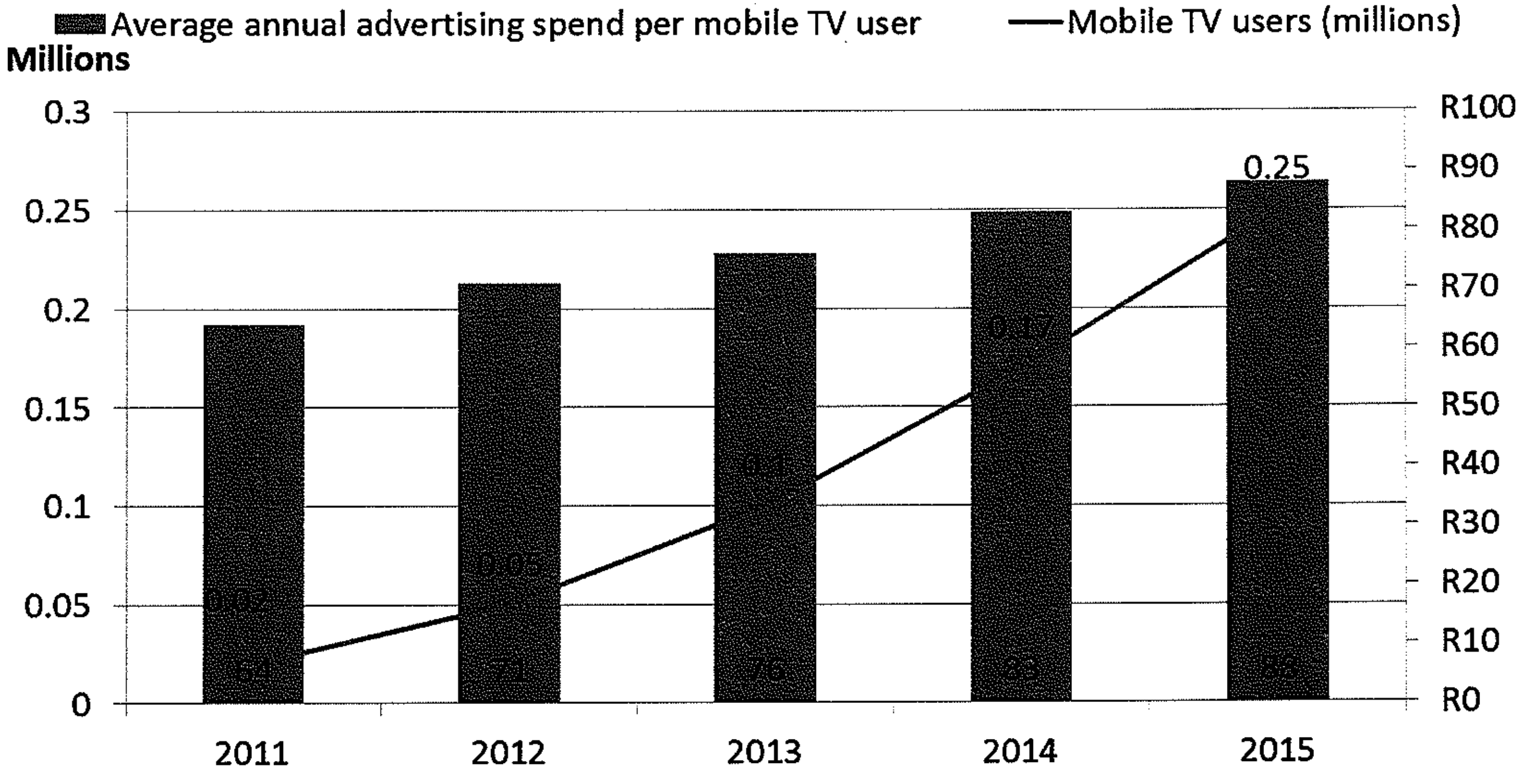
Source: PWC SA Entertainment & Media Outlook (2011-2015)

Subscription spending



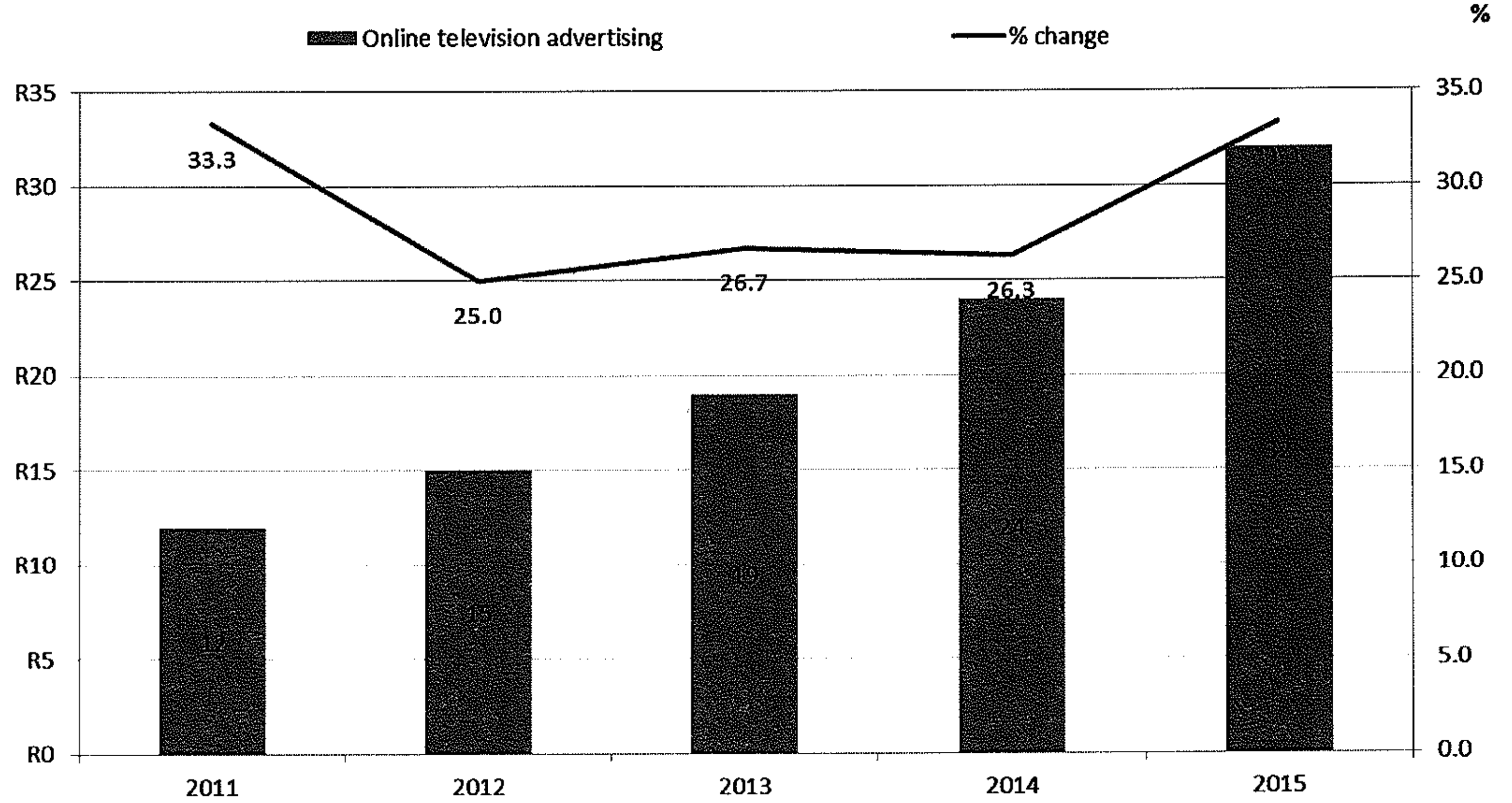
Source: PWC SA Entertainment & Media Outlook (2011-2015)

Mobile TV advertising market

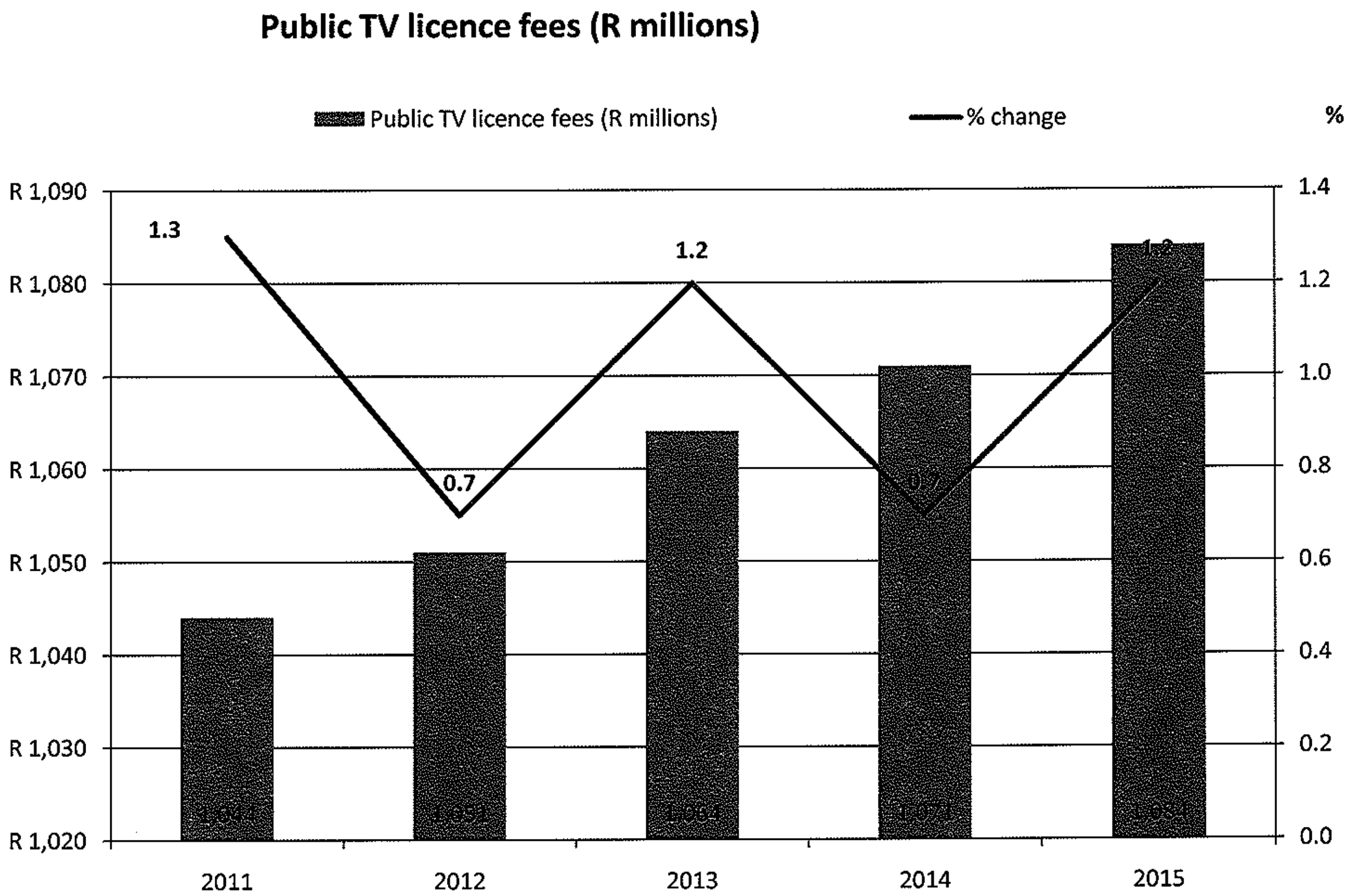


Let us be the One...

Online television advertising (R millions)



Let us be the One...



Let us be the One...

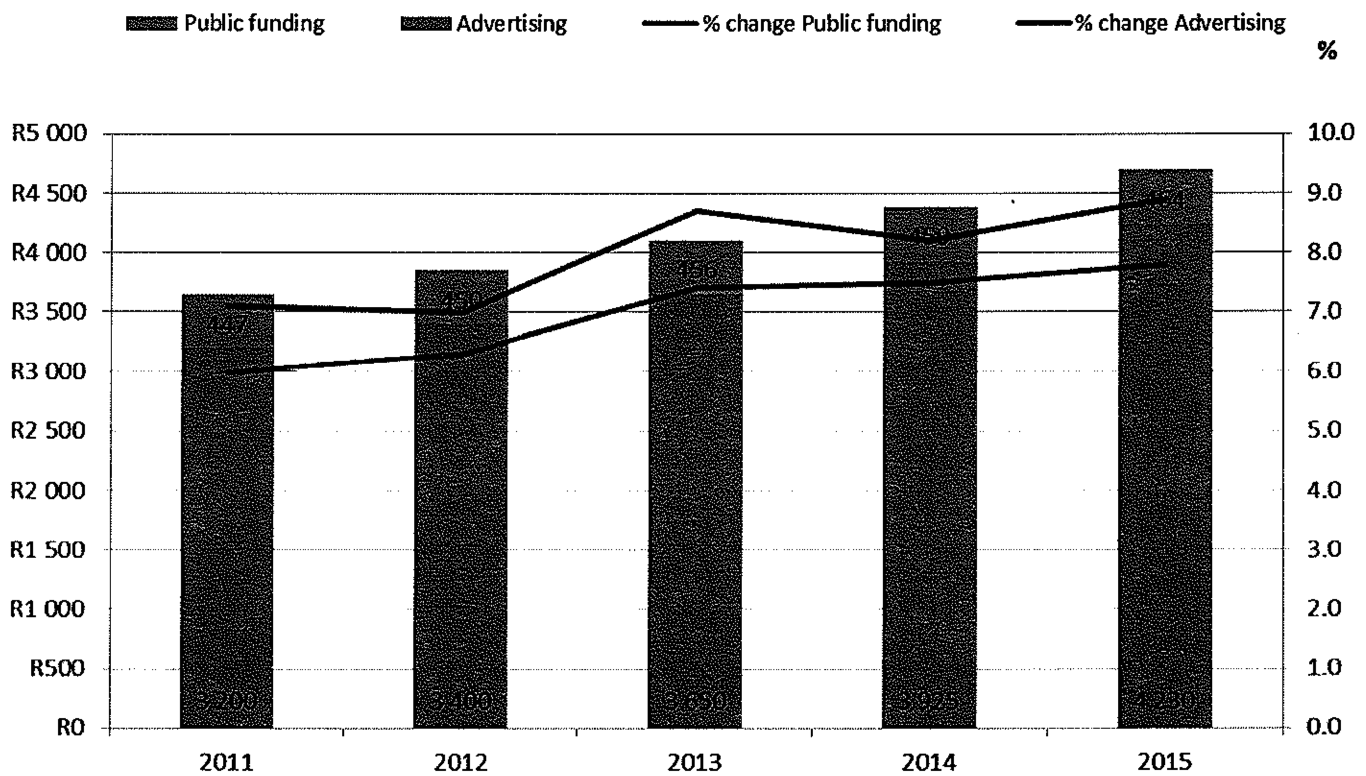
TV Advertising Industry Conclusions

- Increased usage of television to drive sales and market share will stimulate the overall advertising market as a result of a recovering economy as well as the growth of audiences
- A multichannel environment arising out of DTT will also stimulate broadcast advertising
- Online advertising is on the rise as a result of broadband households
- Mobile TV usage and advertising will become a new phenomenon as a result of mobile television applications and gadgets.

Radio Advertising Industry Outlook

Radio market (R millions)	2011	2012	2013	2014	2015	2011-15 CAGR (%)
Advertising	3 200	3 400	3 650	3 925	4 230	
% change Advertising	*6.0*	*6.3*	*7.4*	*7.5*	*7.8*	*7.0*
Public funding	447	450	456	459	464	
% change Public funding	*1.1*	*0.7*	*1.3*	*0.7*	*1.1*	*1.0*
TOTAL	3 647	3 850	4 106	4 384	4 694	
% change	*5.4*	*5.6*	*6.6*	*6.8*	*7.1*	*6.3*

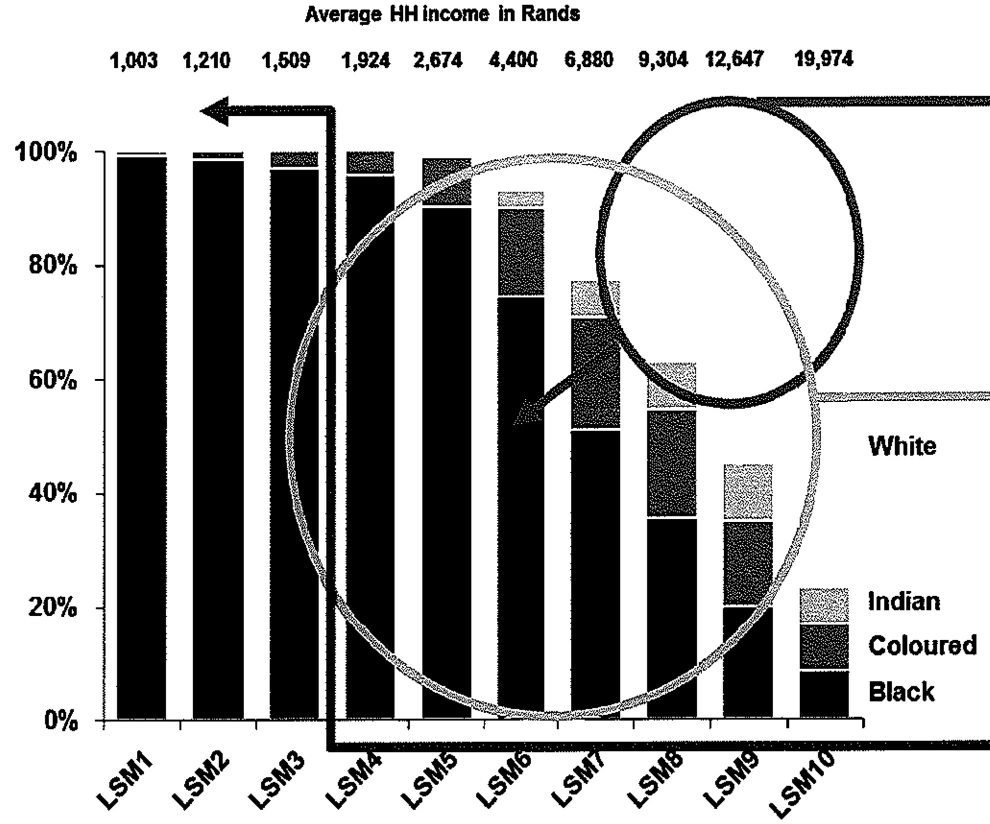
Radio market (R millions)



Radio Advertising Industry Conclusions

- Radio remains an important component for target audience and customers
- Its reach is incorporable
- It has the ability to connect with its intended audience and to create a bond
- In South Africa, radio reaches 90% of the population every week.

Penetration by Pay TV Operators



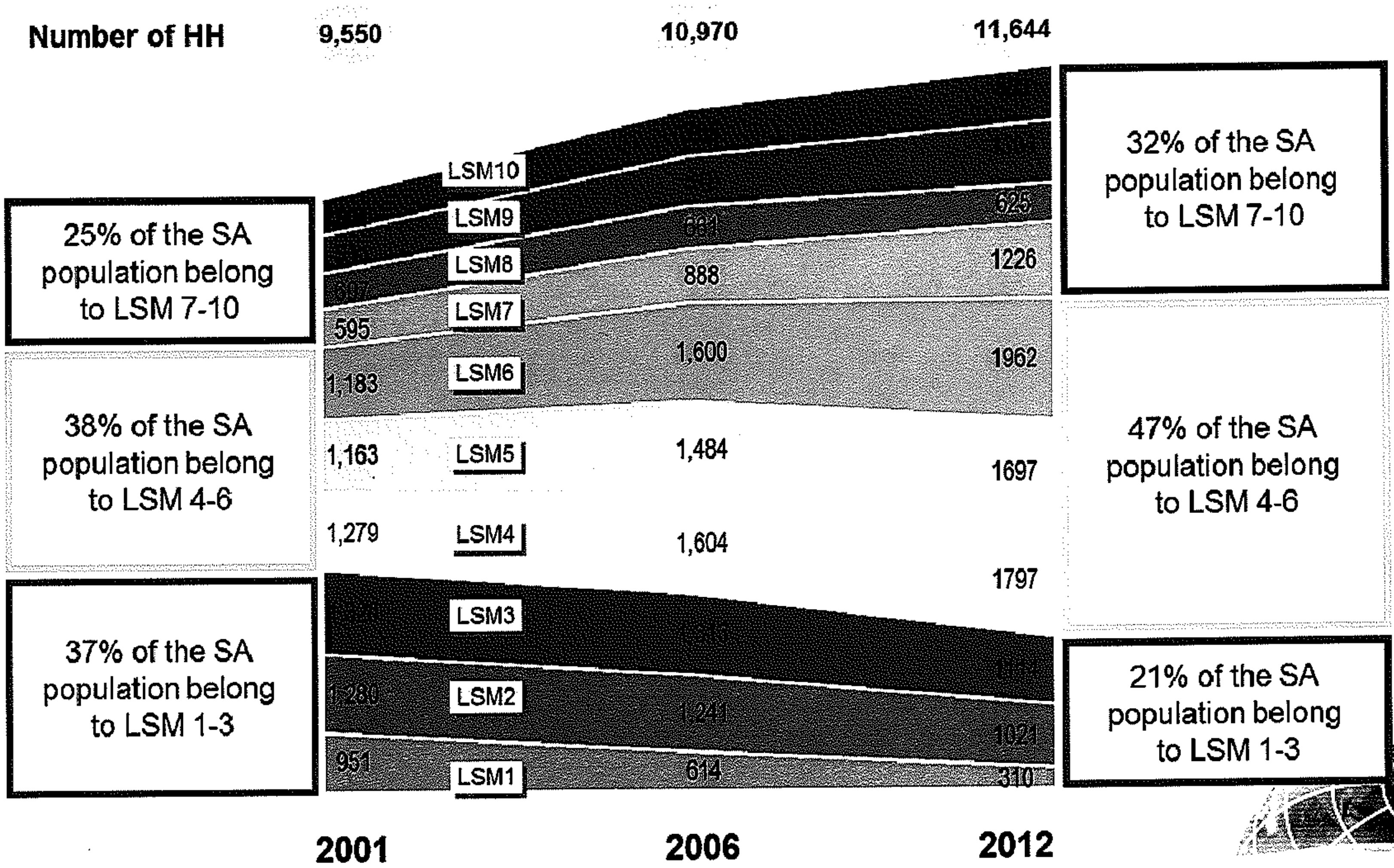
- Pay TV
- Historically targeted white higher LSM audiences
- Now moving towards middle income and black audiences
- SABC TV
- Mass market audience
- Serving all segments
- Licence mandate targeted at middle LSMs
- SABC Radio
- Serves all segments
- Very important for those who cannot afford TV

LSM Shifts

The graph below indicates

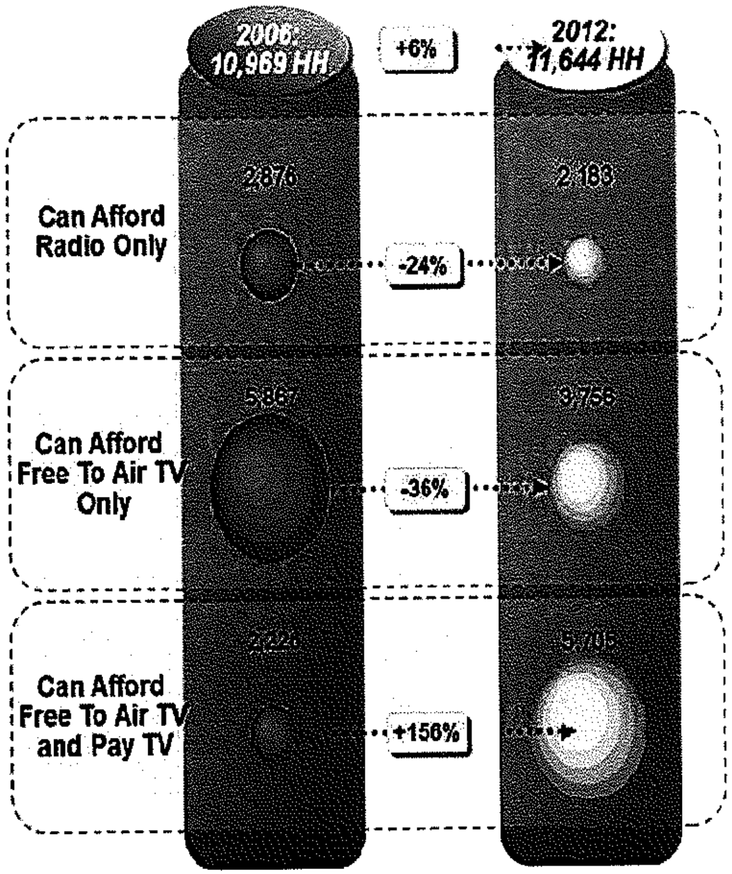
- A rapid decline in lower LSM (1-3)
- Growth in LSM 4 to 6 and 7-10.
- A growing discernment in programme choices
- A greater challenge for the SABC to retain current audiences and attract those lost to alternative broadcasters through good quality programming.

Number of Households per LSM Bands (2010-2012, (000')



Let us be the One...

Breakdown of South African Households by Income Group, ('000)



Drivers

1. **Wealth effect:** South Africa's average income is assumed to grow at a 6% annual rate
2. **Pricing effect:** Pay TV entry packages will be more affordable thus sparking a migration to Pay TV platforms
3. **Demographic effect:** Not everyone able to afford Pay TV will initially subscribe, but SABC is it at risk of losing its core audiences, as analogue TV and Radio becomes less and less attractive

LSM Shifts

As a result of all of the above the SABC is now facing the following serious challenges:

- Increase in demand for local content from existing competitors (Multi-Choice, eTV, Top TV)
- Competition for local content from new competitors (Top TV, Mzansi Magic etc)
- The top production companies are becoming more powerful and the battle for IP is intensifying
- Value of secondary rights
- Need for a viable funding model
- Need to secure additional content for new channel launched
- Presenting a compelling Value Proposition for Digital Terrestrial Television (DTT)

Broad Strategic Objectives FY2012-15

SABC BROAD STRATEGIC OBJECTIVES

The SABC MUST, during the MTEF period 2012- 2015:

1. Restore its liquidity status to that of a going concern by embarking on the implementation of an accelerated turnaround strategy, which will address, inter alia
    - Revenue Enhancement
    - Cost containment and management
    - Meeting the Government Guarantee Conditions
2. Increase and/or maintain audience share across all platforms through the implementation of multi-platform, multi-channel strategies that are informed and driven by audience needs:
3. Delivering on a Digital Terrestrial Television value proposition and offering that attracts new audiences and retains the SABC traditional audience base

SABC BROAD STRATEGIC OBJECTIVES *cont.*

4. Restoring the integrity of the SABC and Brand reputation

5. Increasing revenue through effective and efficient collection of licence fees

6. Increasing the SABC's share of advertising spend through vigorous marketing to the Trade

7. Identifying wastage and implementing effective cost cutting measures to improve the SABC financial position

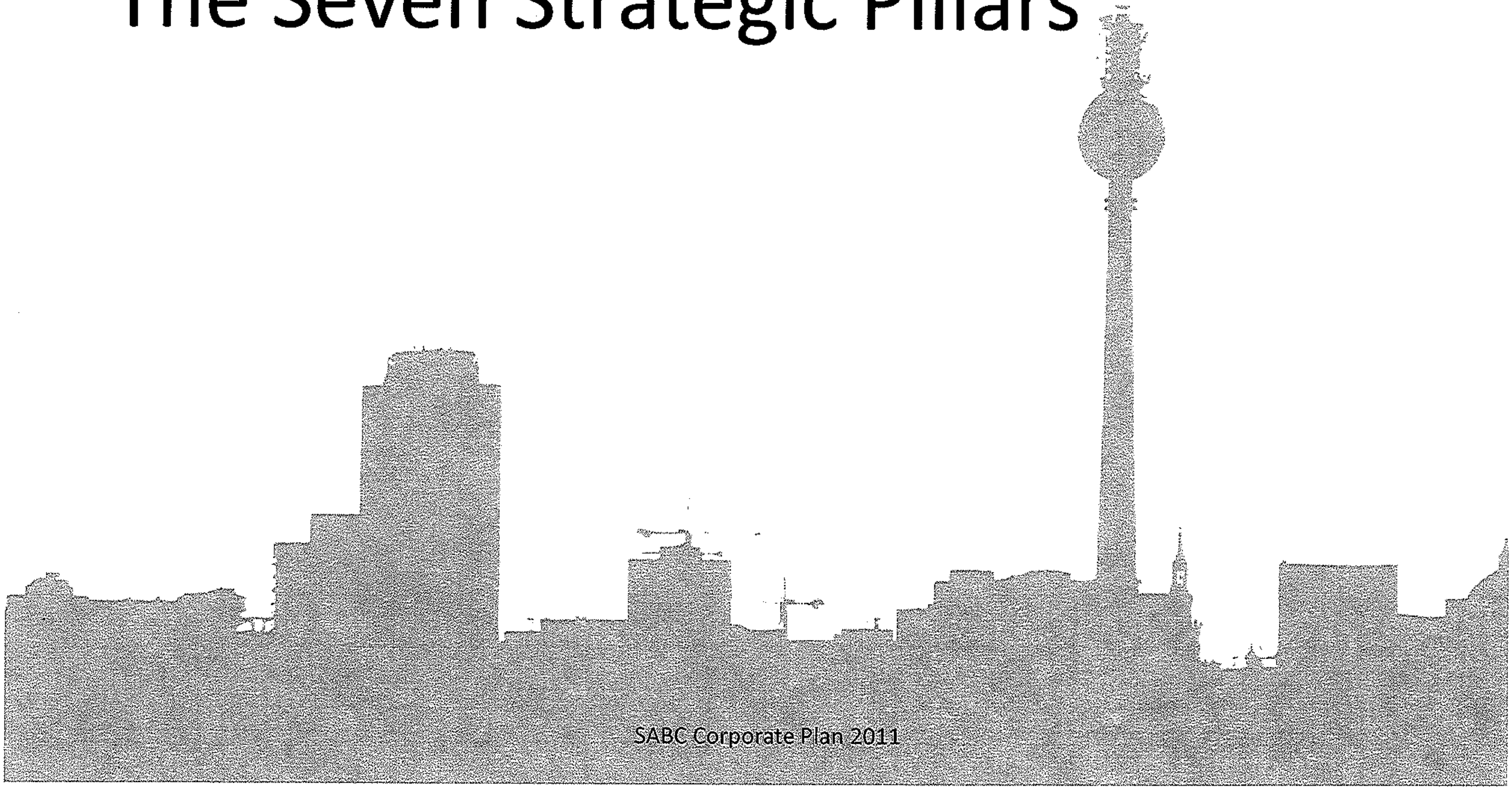
8. Putting in place innovative and cost effective technology platforms and infrastructure that will facilitate delivery of the SABC mandate of universal access

9. Involving the public in defining the SABC's policies through the review of editorial policies in line with legislative requirements

10. Defining a viable operating and business model that is efficient and yet support the delivery of the SABC's mandate and strategy

SABC

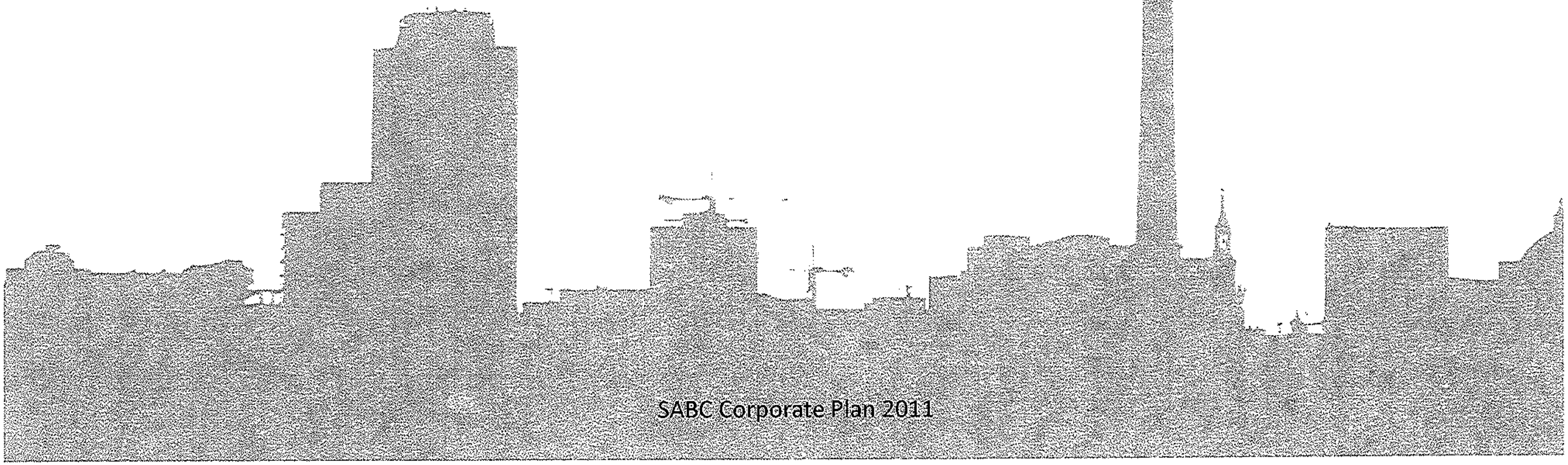
The Seven Strategic Pillars



The Seven Strategic Pillars FY2011/12

1. 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.
2. Building brands that reflect excellence and South African identity in every way.
3. Building the digital SABC and integrating the digital future into all plans and actions.
4. 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.
5. Building an organisation that is economical, efficient and effective.
6. Focusing on the performance of the organisation at every level and holding individuals accountable for delivery.
7. Managing and reporting on strategy development and implementation, operational performance and risk management.

Key Strategic Deliverables FY2012-15



Key Turn Around Strategic Deliverables

In achieving the broad strategic objectives above, the SABC has identified the following key deliverables:

A. Restoring its liquidity status to that of a going concern by embarking on the Implementation of an accelerated turnaround strategy, the SABC will:

- Launch and deliver 12 New TV Channels on the DTT Platform, including
  - 24-Hour News Channel
  - 24-Hour Sport Channel
  - 2 Regional TV Channels

- Increasing revenue through effective and efficient collection of licence fees
- Increasing the SABC's share of advertising spend through vigorous marketing to the Trade
- Cost management and elimination of fruitless and wasteful expenditure
- SABC Digital Satellite Content Offering

Key Strategic Deliverables (*continued)*

B. Increasing and/or maintaining audience share across all platforms through the implementation of Multi-platform, multi-channel strategies that are informed and driven by audience needs, the SABC will expand SABC Digital Content offering and distribution through:

- Mobile TV platforms
- Online TV platforms
- SABC Online Radio Streaming

C. In Delivering on a Digital Terrestrial Television value proposition and offering that attracts new audiences and retains the SABC traditional audience base, the SABC will:

- Establish a Multi-Channel/Platform Content Planning and Acquisition Hub
- Establish a Television Audience and Competitive Intelligence Hub
- Establish a Digital Media and Innovation Hub
- Make available 19 SABC Radio Stations on DTT
- Launch and deliver 4 New Niche Radio Stations on DTT

Key Strategic Deliverables (*continued)*

D. In Restoring the integrity of the SABC and Brand reputation, the SABC will implement:

- A Marketing and Communication Plan
- A Stakeholder Engagement Plan

E. In putting in place innovative and cost effective technology platforms and infrastructure that will facilitate delivery of the SABC mandate of universal access, the SABC will:

- Roll-out lower power transmitters for both radio and television
- Upgrade and digitise existing broadcasting infrastructure

Key Strategic Deliverables *(continued)*

F. In defining a viable operating and business model that is efficient and yet supports the delivery of the SABC's mandate and strategy, the SABC will deliver:

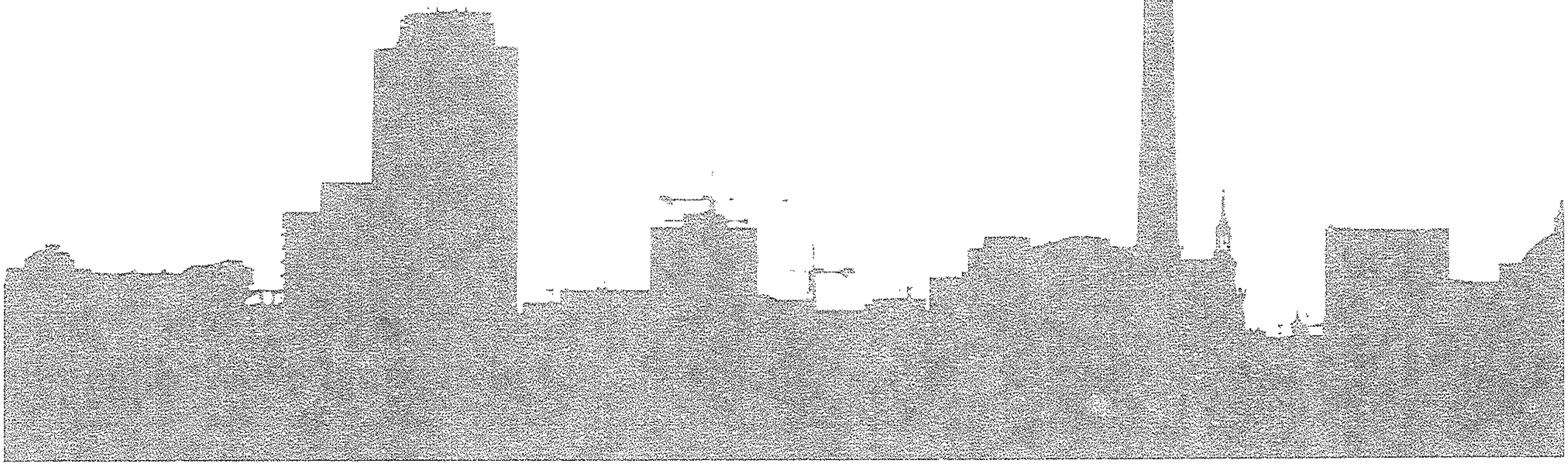
- An efficient organisational structure with the requisite resources

G. In Contributing to job creation through the development of the local industry, the SABC will:

- Invest in the local content production sector – with particular focus on areas outside of Gauteng
- Create learnerships for creative and other relevant sectors

SABC Multi Platform

Distribution Strategy



Multi Platform Distribution Strategy

In order to remain relevant and competitive in an increasingly digital SA marketplace, SABC needs to undertake the following:

- **Digital Terrestrial Television (DTT)**. The alternative Government replacement of choice for analogue TV. SABC will have access to 90% of the capacity of one multiplex (An estimated 95% Reach, 10 SABC video streams, the national simulcast of all 18 SABC radio stations and interactive services using the MHEG middleware).

- **Digital Satellite (DSAT).** Opportunities exist for the SABC to look at different business models, offering niche channels or specific content to other DSAT operators and applying for its own subscription broadcast licence.

Multi Platform Distribution Strategy *(continued)*

There a number of key strategic distribution activities the SABC needs to undertake to remain relevant and competitive in an increasingly digital market in South Africa:

- **Mobile TV (DVB-H, T-DMB and DMB)**. The SABC has already been testing MobileTV on DMB technology. SABC to consider providing linear simulcast of existing channels on these platforms or providing tailored services for these platforms.

- **Online (narrowband, broadband, mobile, IPTV**).
  - Digital Media platforms enable delivery over the internet, on demand, to a high volume of online users and ensuring content rights are not infringed
  - Enables incremental revenue streams by supporting different business models
  - Online services provide a unique service where content can be offered as an immediate mid-quality, in-browser experience and is a high-quality online / offline / download experience.

Platform Strategy

Television Strategic Objectives

Intent

a) To remain the most watched, relevant and competitive television brands in South Africa, through the provision of content that is reflective of a diverse South Africa, its view of itself and the world around it

b) To deliver content that informs, educates and entertains our citizens, is informed by research and demonstrates editorial rigour ensuring audience growth

c) To fulfil SABC's diverse public service mandate, SABC Corporate goals and statutory and regulatory compliance in the creation, procurement, broadcast and exploitation of content

d) To drive innovation so as to ensure the effective acquisition and creation of compelling, distinctive and versatile content, through the utilisation of leading edge technologies and sound business principles and processes

e) To invest in capacity building, transformation, partnerships and support the development and enhancement of the broadcasting industry locally and continentally, thereby ensuring that the TV Division is commercially viable, sustainable and globally competitive;

f) To provide effective Intellectual Property management services

Television Strategic Objectives contd. 2 of 3

To deliver research and audience preference –based, public value focused content that informs, educates and entertains the SABC will:

- Procure compelling content that attracts and retains audiences
- Ensure Audience Share is linked to Revenue Share
- Align compelling content to individual channel brand strategies
- Create schedule stability based on a 36-month transversal/cross platform and multi-channel schedule
- A strategy for the restoration of SABC 3 as a key profit driver within the SABC television network

Television Strategic Objectives contd. 3 of 3

- Improve the management of content measured against the reduction in stock impairments and improved stock exploitation- amortisation
- A compelling value proposition for Digital Terrestrial Television multi-channel content offering enrich SABC public value and deliver on mandate
- Investment in job creation, capacity building, transformation, partnerships in the development and enhancement of the local broadcasting industry
- Develop an Intellectual Property and Secondary Rights Management Framework aligned to a revised Terms of Trade

Television Audience Projections FY2012-2015

	FY2012/13		FY2013/14		FY2014/15	
Television	**Audience Share %**	**Revenue "R 000"**	**Audience Share %**	**Revenue**	**Audience Share %**	**Revenue**
SABC 1	29	1 442	29	1 559	29	1 720
SABC 2	19	1 272	19	1 376	18	1 517
SABC 3	16	867	16	937	15	1 034
All SABC	60	3 582	60	3 872	58	4 271

With the development of a television audience and competitive intelligence hub, the Division will be better to able to anticipate audience trends and obtain competitor intelligence so as to maintain its audience share as it enters the ever competitive multichannel space.

Content Strategy

- The SABC will invest over R1 billion in local and international content commissioning and acquisition in the 2013 fiscal, of which over R800 million will be spent in local content commissions. The launch of new DTT Channels will further increase the SABC's investment in local content and the local production industry, with a projected local content investment of over R1.7 billion in the first three years of launch of digital terrestrial television.

- A single Content Planning, Acquisition and Scheduling Process which is informed by Content Research on Audiences and driven by a 36-month transversal/cross-platform multi-channel schedule, will drive the SABC Programming

  and Content Strategy.

Content Strategy

In line with the organisation's multiplatform strategy the SABC will be developing and testing its offering for the following:

a) Mobile Television

b) Online Television

c) Digital Satellite, and

d) Social Media Platforms

DEVELOPMENTAL IMPERATIVES – CONTENT THEMES 2012 - 2013

Developmental Imperatives – Content

Developmental Imperatives	SABC Content Theme	Programming
Economic/Social Policy and Public Service Delivery	The social agendas facing our society addressing some of the challenges encountered therein. Progress made in delivery of public services as well as the challenges still facing our economy	• 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	• 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	• Living Land • Mother of all Professions • Shift • Make Your Move • La Familiar • Public Service Announcements

Developmental Imperatives – Content contd. 2 of 3

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 upliftment of their lives and those of their communities	• 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	• 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	• Matrics Uploaded • Open University • In Debt

Developmental Imperatives – Content

contd. 3 of 3

Developmental Imperatives	SABC Content Theme	Programming
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	• Streets of Mamguang • Sokhulu & Partners • Solving It • 90 Plein Street • Democracy Game Shop • Public Service Announcements

Delivering DTT

Through its participation in the Government's Broadcasting Digital Migration programme, the SABC has ensured it contributes in defining and giving input in the four broad areas of activity pertaining to:

- Policy and Regulation
- Content, Platform, and Transmission
- STB Manufacturing, Testing and Distribution
- Marketing and Consumer Support

Television Network within DTT

The channels mix within SABC Television network will reflect the following:

Three Core, generalist channels

SABC 1
Youthful
All Languages
Skewed towards Nguni

SABC 2
Nation/Family
All Languages
Skewed towards Sotho

SABC 3
Lifestyle/Entertainment
All Languages
Skewed towards Afrikaans

Twelve niched channels

- Children
- North
- Youth
- Education
- Health
- Lifestyle
- Factual
- Religion
- South
- Series
- News
- Sport

Radio cont

- SABC Radio remains a critical broadcast platform because of its reach and diversity.
- SABC Radio reaches 25.6 million listeners of the total adult radio population, of which Public Broadcasting Service radio reaches 22.4 million and 8.1 apportioned to Public Commercial Service radio.
- Due to its unique ability to establish strong emotional bonds with a multiplicity and diverse audience, Radio has enabled the SABC to deliver on its public mandate over time.
- The SABC still enjoys more than 66% of the country's radio adult listenership market share with 7 radio stations taking the number one to seven spot on the National Top 10 Favourite radio stations according to SAARF RAMS.
- 70% of the country's radio listenership with 7 radio stations taking the number one to seven spot on the Top 10 radio stations by listenership.
- Ukhozi FM still enjoys the most listenership of 6.6 million followed by Metro FM.

Key Performance Indicators

FY2012-2015

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Revenue Enhancement					
Restoring SABC liquidity status to that of a going concern by embarking on the implementation of an accelerated turnaround strategy	Meet or exceed the Board approved financial targets, aligned to the Government Guarantee conditions. (Excluding Digital Media platforms)	Total SABC Financial Revenue of R20.1bn achieved over three years	R6.3bn	R6.6bn	R7.2bn
		• Advertising Revenue (R14.1bn)	R4.3bn	R4.6bn	R5.1bn
		• Sponsorships (R1.4bn)	R437m	R437m	R522m
		TV Licence Fees (R3.01bn)	R920m	R987m	R1.1bn
		Total SABC Financial Profitability of R677m achieved over three years	R11.1m	R190.7m	R475.2m
Deliver a Trading and Pricing model that will extract maximum revenue from advertisers in a multi-platform/channel environment	Improved revenue forecast for SABC on a monthly planning and buying processes for the Sales and Marketing industry	A fully operational 36-month Revenue forecast aligned with the cross-functional/multi-platform 36-month transversal content schedule, by FY2013	Aligned to Revenue Forecast	Aligned to Revenue Forecast	Aligned to Revenue Forecast

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Cost Management					
Manage people cost in line with the approved Operating Model, corresponding Organisational Structure and staff numbers	Cost effective and efficient organisation	Align headcount to approved operating model in FY2012/13	Board approved headcount	-	-
		Identify and remove all vacancies not aligned to the Structure	Non-aligned Vacancies removed	Non-aligned Vacancies removed	-
		Implement a 6-layer flat structure	New structure implemented	-	-
		Implement Voluntary Early Retirements	Voluntary Retirements concluded	-	-
Manage people cost in line with the approved Operating Model, corresponding Organisational Structure and staff numbers	Cost effective and efficient organisation	Leave and Overtime management	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Cost Management					
Manage people cost in line with the approved Operating Model, corresponding Organisational Structure and staff numbers	Cost effective and efficient organisation	Leave and Overtime management	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%	Cost to company reduction of Overtime cost by 5% and Leave liability by 10%
Optimize procurement effectiveness with sound systems, processes and policies that govern the manner in which the SABC procures goods and services (excluding content acquisition and commissioning)	A Cost effective Procurement and Strategic Sourcing framework that guides and supports business in the acquisition of goods and services	Procurement Framework and Policy in place and implemented by FY2013	Annual Revision	Annual Revision	
		Procurement Structure and Model implemented with four key functions by FY2013 • Vendor Relationship Management • Contract Management • Supply Chain and Stores • Policies and BEE Targets	Structure fully resourced	Structure fully resourced	Structure fully resourced

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Cost Management					
Eliminate wasteful, fruitless, irregular and unauthorised expenditure	Implement strategic sourcing initiatives jointly with all Group Executives on shared responsibility	100% elimination of unnecessary spend	100%	100%	100%
Key Performance Areas: Audience Attraction and Retention					
Deliver a multi-platform, multi-channel SABC offering informed and driven by audience needs	Launch of SABC DTT	A total of 12 new SABC DTT Channels FY2015	6 New Channels	5 New Channels	1 New Channel
		SABC Radio Stations on the DTT Platform by FY2013	19 Radio Stations on DTT	21 Radio Stations on DTT	23 Radio Stations on DTT
		4 New Radio Stations on DTT	-	2 new radio stations	2 new radio stations

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Audience Attraction and Retention					
Deliver a multi-platform, multi-channel SABC offering informed and driven by audience needs	Satellite Launch of SABC News and Sport	SABC 24 Hour News Service on Satellite and DTT	SABC 24 Hour News Service on Satellite and DTT	SABC 24 Hour News Service on Satellite and DTT	SABC 24 Hour News Service on Satellite and DTT
		SABC Sport Channel on Satellite and DTT	SABC Sport Channel on Satellite and DTT	SABC Sport Channel on Satellite and DTT	SABC Sport Channel on Satellite and DTT
	Launch SABC TV Programming On Line	SABC TV On Line offering by FY2015	Technology Platform testing	Go Live with On Line TV	Enhanced On Line TV offering
	Delivery of a SABC Mobile TV Model	A Mobile TV Content offering	Mobile Pilot testing	Go Live with Mobile TV proposition	Enhanced Mobile TV offerings
	Delivery of a SABC On Line Radio Streaming Model	A full On Line Radio Streaming Content offering	All PCS, plus key PBS plus 4 new Radio stations	21 Radio stations streaming	-23 Radio stations streaming

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Audience Attraction and Retention					
Deliver a multi-platform, multi-channel SABC offering informed and driven by audience needs	Launch SABC TV Programming On Line	SABC TV On Line offering by FY2015	Technology Platform testing	Go Live with On Line TV	Enhanced On Line TV offering
	Delivery of a SABC Mobile TV Model	A Mobile TV Content offering	Mobile Pilot testing	Go Live with Mobile TV proposition	Enhanced Mobile TV offerings
	Delivery of a SABC On Line Radio Streaming Model	A full On Line Radio Streaming Content offering	All PCS, plus key PBS plus 4 new Radio stations streaming	21 Radio stations streaming	-23 Radio stations streaming
Universal Access	Increase TV footprint	TV footprint increased to 100% by FY2015	Rollout 100 low power transmitters (Radio and TV)	Rollout 100 low power transmitters (Radio and TV)	Rollout 100 low power transmitters (Radio and TV)
	Increase Radio footprint	Radio footprint increased to 92% by FY2015			

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Audience Attraction and Retention					
Minimize audience losses in a multi-platform and competitive environment	Maintain a 58% average audience TV share by FY2014/15	SABC Share of market of 58% by FY2015	60%	60%	58%
	Grow current audience share on Satellite Television Platform by FY2014/15	At least 5 Properties on Satellite Platform by FY2014	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms
	Gain in 14% average audience share on the On Line Television Platform by 2014/15	SABC Share of market of 30% by FY2015	-	10%	30%
Minimize audience losses in a multi-platform and competitive environment	Gain a 20% average audience share on Mobile Television Platform by FY2014/15	SABC Share of market of 30% by FY2015	0%	10%	30%
	Gain a 14% average audience share on the On Line	SABC Share of market of 30% by FY2015	-	10%	30%

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Audience Attraction and Retention					
Deliver a central audience and content-driven TV Intelligence-gathering mechanism	A Television audience and competitive intelligence hub	TV audience and competitive intelligence hub established	TV audience and competitive intelligence hub established	-	-
Reposition SABC 3 and align to the changing market conditions and audience needs	A Repositioned SABC 3 implemented with a new look and feel for the Channel (Imaging and Branding)	Improved audience share of 16% LSM 7–10 by FY12/13	12%	13%	14%
Deliver compelling News and Current Affairs that is informative, educational and entertaining on a 24-hour basis	A fully operational 36-month News Revenue forecast aligned with the cross-functional/multi-platform 36-month transversal TV, Sport and DTT schedule	A rolling newscast delivered to 27 million citizens at an investment of R17 per citizen by FY2014	27 Million audiences	27 Million audiences	27 Million audiences

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Content Management and Enhancement					
Reduction of Programme Impairments	Reduce impairments to 50% by 2015	A 50% reduction stock impairments FY2015	20%	30%	50%
Management of the Cost of Content Commission	Limit the cost per minute pricing to 2% average increase by 2015	Maintain an average cost per minute of 2% by FY2015	2% Cost Per Minute	2% Cost Per Minute	2% Cost Per Minute
Management of the Cost of Content Acquisition	Limit the cost per minute pricing to 2% average increase by 2015	Maintain an average cost per minute of 2% by FY2015	2% Cost Per Minute	2% Cost Per Minute	2% Cost Per Minute
Improved amortization of stock	Secure longer license for maximum content exploitation	100% Recoupment by FY2015	-R1.56bn	-R1.64bn	-R1.71bn

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Content Management and Enhancement					
Implement a single transversal multi-channel/platform Content Planning, Acquisition and Scheduling Process	A 36 month Cross Platform Schedule and inventory, aligned and concluded, across platforms, by genre.	Long term planning resulting in better decision making, product quality and efficiency achieved in execution	A single Content Planning, Acquisition and Scheduling Process in place	A single Content Planning, Acquisition and Scheduling Process in place	A single Content Planning, Acquisition and Scheduling Process in place
Effective management and reduction of all Sport costs for the broadcasting Sport content (mandate, development and minority sports)	A Long-term schedule of Sport assets acquired, aligned to the 36-month Television Content Schedule and the 3-year Revenue Sales Forecast	Maintain an average of 9% of SABC Total Operating Cost	9% of SABC Total Operating Cost	9% of SABC Total Operating Cost	9% of SABC Total Operating Cost
		Maintain 30% of SABC Content Cost	Maintain 30% of SABC Content Cost	Maintain 30% of SABC Content Cost	Maintain 30% of SABC Content Cost

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Content Management and Enhancement					
Improved Sports Rights acquisition expenditure	Reduce sports rights expenditure by 5% across the board on all rights	5% reduction of rights fees against previous financial year	5% reduction on fees from previous financial	Maintain a 9% growth on rights fees	Maintain 9% growth on rights fees
Key Performance Areas: Upgrade of Technology Infrastructure					
Deliver a Digital Playout Centre	Deliver a Digital Playout Centre for a multi-channel, multi-platform offering	A full Digital Playout Centre for all SABC Channels, completed byFY2014	R102m	R43m	-
Deliver a Sports Playout Centre	Deliver a Digital Sports Playout Centre for a multi-platform offering	A full Digital Playout Centre for SABC Sport Channel, completed by FY2013	R15m	-	-

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Upgrade of Technology Infrastructure					
Studio Upgrade and Digitization	Complete digitization of Drama Studio 1 and 2 in the regions	Studio 1 and 2 digitized by FY2014	R30m	R30.5m	
	Production Studios refurbishment	Auckland Park Television Studios 3 to 7 upgraded by 2015	R57.5m	R81.6	R29.5m
Studio Upgrade and Digitization	Deliver Television Drama Studios	Television Drama Studios completed by FY2014	-	R60m	R240m
News Outside Broadcast Facilities upgrade	Complete national rollout of Television News Outside Broadcasts	All News Outside Broadcast facilities completed by FY2015	R47m	R69m	R116m

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Upgrade of Technology Infrastructure					
Deliver a Storage Area Network	A Corporate Storage Area Network	A Storage Area Network by FY2014	R41.2m	R7.3m	-
Deliver a SABC Digital Library	Digitization of content assets for a multi-platform environment	100% of all content digitized by 2015	-	R100m	R68.3m
Key Performance Areas: SABC Digital Platforms					
Deliver a SABC DTT Platform solution	A fully functional and resourced Digital Playout Centre for DTT	A total of 12 new SABC DTT Channels FY2015	6 New Channels	5 New Channels	1 New Channel
Deliver a SABC Mobile Television Platform solution	A fully functional SABC Mobile Platform	A Mobile TV platform by FY2014	Mobile Pilot testing	Go Live with Mobile TV platform	-

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: SABC Digital Platforms					
Deliver a SABC On Line Television Platform solution	SABC Website capability to carry On Line Content	SABC TV On Line Platform by FY2014	Technology Platform testing	Go Live with SABC On Line TV	-
Deliver a SABC Satellite Television Platform solution	A fully functional SABC Satellite Platform	SABC TV Satellite Platform by FY2015	Go Live with SABC Satellite TV	-	-
Deliver a SABC On-Line Radio Streaming Platform solution	A fully functional SABC On- Line Radio Streaming Platform	SABC Radio Streaming On Line by FY2014	Key Radio Stations available On Line	All 21 Radio Stations available On Line	All 23 Radio Stations available On Line

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Governance and Control					
Embedding risk management system into day-to-day operations of the Corporation.	An effective Risk-aware organization that delivers sound strategic planning, minimize and enables better management decision making on a daily basis.	Adoption of Risk Management strategies and instruments on day to day business activities	Risk Instruments implemented: • Risk Management Framework • Fraud and Corruption Strategy and Policy • Cura system	Standardization of Risk management tools into Divisional Strategies, plans and execution	On-going Risk management

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Governance and Control					
Implement a TV Operating Model that will deliver compelling audience-centric programming	A New TV model and fully resourced structure with defined Roles and Responsibilities	A TV Division Structure up to level 6 by FY2013 implemented with the following four functional hubs aligned to each other and the group wide operating model: • Strategy, Innovation and Planning • Channels • Content Hub • Operations	New structure implemented	-	-
Implement a Sports Operating Model that will deliver compelling that will deliver cost efficient, compliant, compelling and commercial sport programming.	A New Sports Division model and fully resourced structure with defined Roles and Responsibilities	A Sport Division Structure up to level 6 by FY2013 implemented with the following four functional hubs aligned to each other and the group wide operating model: Sport Channel Management • Programming • Operations • In-house Productions	New structure implemented	-	-

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Governance and Control					
Implement a Digital Media Hub for the integration of audio-visual Content of all SABC media products on any digital media platform	A Digital Media Integration 'Centre of Excellence' fully resourced Hub with defined Roles and Responsibilities	A Digital Media Structure up to level 6 by FY2013 implemented with the following six functional hubs aligned to each other and the group wide operating model: • Digital Skills Support Hub • EPG Team • Product Group • Innovation Hub • Content Group • Development Team	New structure implemented	-	-
Implement a Sports Operating Model that will deliver compelling that will deliver cost efficient, compliant, compelling and commercial sport programming.	A New Sports Division model and fully resourced structure with defined Roles and Responsibilities	A Sport Division Structure up to level 6 by FY2013 implemented with the following four functional hubs aligned to each other and the group wide operating model: Sport Channel Management • Programming • Operations • In-house Productions	New structure implemented	-	-

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Stakeholder Relations and Communications					
To develop a value-based culture and inspired workforce framework in order to deliver SABC goals and mandate	Strategy Communications	Implementation plan in line with strategy milestones	Implementation plan in line with strategy milestones	Implementation plan in line with strategy milestones	Implementation plan in line with strategy milestones
	Group CEO Leadership communications plan	Climate Survey: Employment Satisfaction	30% increase in employee satisfaction	50% increase in employee satisfaction	80% increase in employee satisfaction
	"Living the Values" campaign	Culture barometer	30% implementation of identified areas in the culture barometer	50% implementation of identified areas in the culture barometer	80 % implementation of identified areas in the culture barometer

Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Stakeholder Relations and Communications					
To develop a value-based culture and inspired workforce framework in order to deliver SABC goals and mandate	Staff calendar of events	2012/13 Events calendar linked to the communication strategy	2012/13 Events calendar linked to the communications strategy	2013/14 Events calendar linked to the communications strategy	2014/15 Events calendar linked to the communications strategy
	Communication tools	E Effective communications tools (incorporating digital technology) implemented effective communication	Effective communications tools (incorporating digital technology) implemented	Effective communications tools (incorporating digital technology) implemented	Effective communications tools (incorporating digital technology) implemented
	Staff communications survey	Annual Survey on effectiveness of communication	Annual Survey on effectiveness of communication	Annual Survey on effectiveness of communication	Annual Survey on effectiveness of communication

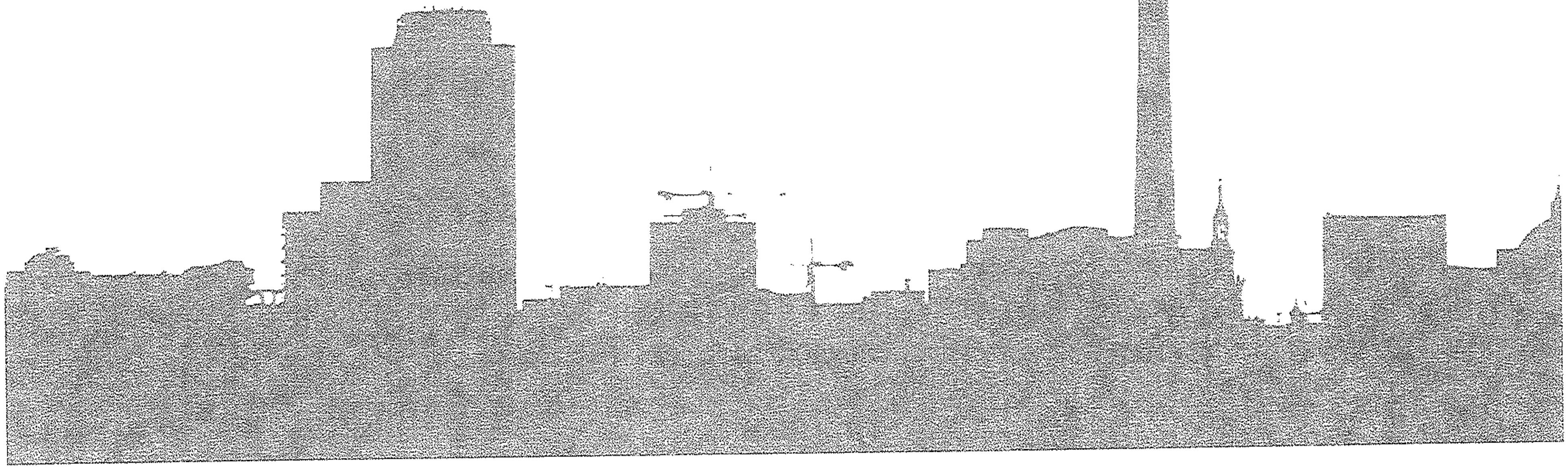
Performance Indicators

Key Activities	Outputs	Indicator	FY12/13	FY13/14	FY14/15
Key Performance Areas: Stakeholder Relations and Communications					
To create a link between SABC, key stakeholders, audiences and communities at large	Stakeholder Engagement Strategy and Plan	50% of Key issues of materiality engaged on with Stakeholders	80% of Key issues of materiality engaged on with stakeholders	100 % of Key issues of materiality engaged on with stakeholders Review of Key issues of materiality	Review of key issues of materiality
	Pro-active PR strategy and plan	Increased public perception and image	Improved public perception and image	Increased public perception and image	Increased public perception and image
	Perception survey	Annual perception	Annual perception	Annual perception	Annual perception survey
	Enterprise Development Strategy and plan	Strategy	Implementation	Implementation	Implementation
	CSI Policy	Policy and Guidelines developed and implemented	Policy and Guidelines developed	Monitor implementation	Monitor Implementation

SABC

QUARTERLY
Key Performance Indicators

FY2012-201



QUARTERLY Performance Indicators: FY2012/13

Key Performance Areas: Revenue Enhancement							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Restoring SABC liquidity status to that of a going concern by embarking on the implementation of an accelerated turnaround strategy	Meet or exceed the Board approved financial targets, aligned to the Government Guarantee conditions. (Excluding Digital Media platforms)	TOTAL SABC Financial Revenue of R20.1bn achieved over three years (Assuming zero impact from Alcohol Ban)	R1,2bn	R321m	R321m	R321m	R321m
		Advertising Revenue (R14.1bn) (Assuming zero impact from Alcohol Ban)	R4.3bn	R1 041m	R1 187m	R1 314m	R809m
		Sponsorships (R1.4bn) (Assuming zero impact from Alcohol Ban)	R387m	R84m	R104m	R108m	R91m
		TV Licence Fees (R3.01bn)	R920m	R198m	R245m	R265m	R212m
Deliver a Trading and Pricing model that will extract maximum revenue from advertisers in a multiplatform/channel environment	Improved revenue forecast for SABC on a monthly planning and buying processes for the Sales and Marketing industry	A fully operational 36-month Revenue forecast aligned with the cross-functional/multi-platform 36-month transversal content schedule, by FY2013	Aligned to Revenue Forecast	Conceptual Trading and Pricing Model developed. Critical dependencies include schedule stability. 2012-2013 Pricing Structure	On-going Inventory Optimisation across prime and shoulder time as a cardinal element of the Trading Model	Marketing to Trade Plan	Implementation of a new Trading Model in alignment with progress of SABC multi-channel environment

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Cost Management							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Manage people cost in line with the approved Operating Model, corresponding Organisational Structure and staff numbers (Sport)	A Cost effective and efficient organisation	Align headcount to approved operating model in FY2012/13	Board approved headcount	Obtain Board approved headcount		Monitor and evaluate	Monitor and evaluate
			Identify and remove all vacancies not aligned to structure	Aligned Vacancies removed	Achieve 100% implementation of 6 layer flat structure	Monitor and evaluate	Monitor and evaluate
		Leave and Overtime management	Reduce overtime by 5% and Leave liability by 10%	*Achieve1 % overtime reduction	Achieve 2 % overtime reduction	Achieve 2% overtime reduction	*Overtime 100% compliance
				*Achieve 1% leave liability reduction	*Achieve 2% leave liability reduction	*Achieve 5% leave liability reduction	*Achieve2 % leave liability reduction
Eliminate wasteful fruitless, irregular and unauthorised expenditure	Implement strategic sourcing initiatives jointly with all Group Executives on shared responsibility	100% elimination of unnecessary spend	100% elimination of unnecessary spend	100%	* Achieve 100% unnecessary spend	Achieve 100% unnecessary spend	Achieve 100% unnecessary spend

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention

Strategic Objectives	Key Deliverable	Indicator	FY12/13	Q1	Q2	Q3	Q4
Deliver a multi-platform multi-channel SABC offering informed and driven by audience needs	**Launch of SABC DTT**	**A total of 12 new SABC DTT Channels FY2015 (Funding dependant)**	**6 New Channels**	**Completion of Planning**	**Trials of News 24 Infrastructure. Completion of Sports 24 and reactive channels Planning. Approved business DTT cases.**	**Trials for Sport 24 and trials of HD channel**	**Launch of DTT with minimum 6 channels**
		SABC Radio Stations on the DTT Platform by FY2013	19 Radio Stations on DTT	19 Radio Stations on DTT Achieved	-	-	-
		4 New Radio Stations on DTT by 2013/14	-	-	-	Conduct market demand survey to establish feasible formats for new stations (filling gaps in current market offering): R1,8m	Analyse survey study and develop business case
Deliver a multi-platform multi-channel SABC offering informed and driven by audience needs	Satellite launch of SABC Sport	SABC Sport Channel on Satellite and DTT	*SABC Sport Channel on Satellite and DTT	*Develop 36 month long term plan for content acquisition *Develop a comprehensive business plan for approval by the Group Executive Committee, and Board	* Submit the business plan to Group, Board for approval *Commence with divisional structural alignment for the Sport channel *Recruitment of personnel and Test phase for Launch readiness	Recruitment of personnel and Test phase for Launch readiness	Launch SABC Sport Channel on Satellite and DTT

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention							
Strategic Objectives	Key Deliverable	Indicator	FY12/13	Q1	Q2	Q3	Q4
Deliver a multi-platform, multi-channel SABC offering informed and driven by audience needs	Launch of SABC DTT	A total of 12 new SABC DTT Channels FY2015 (Funding dependant)	6 New Channels	Completion of Planning	Trials of News 24 Infrastructure. Completion of Sports 24 and reactive channels Planning. Approved business DTT cases.	Trials for Sport 24 and trials of HD channel	Launch of DTT with minimum 6 channels
		SABC Radio Stations on the DTT Platform by FY2013	19 Radio Stations on DTT	19 Radio Stations on DTT Achieved	-	-	-
		4 New Radio Stations on DTT by 2013/14	-	-	-	Conduct market demand survey to establish feasible formats for new stations (filling gaps in current market offering): R1,8m	

QAURTERLY Performance Indicators: FY2012/13

[redacted]

[redacted]	Key Deliverable	Indicator	FY12/13	Q1	Q2	Q3	Q4
[redacted]	Satellite launch of SABC Sport	SABC Sport Channel on Satellite and DTT	*SABC Sport Channel on Satellite and DTT	*Develop 36 month long term plan for content acquisition *Develop a comprehensive business plan for approval by the Group Executive Committee, and Board	* Submit the business plan to Group, Board for approval *Commence with divisional structural alignment for the Sport channel *Recruitment of personnel and Test phase for Launch readiness	Recruitment of personnel and Test phase for Launch readiness	Launch SABC Sport Channel on Satellite and DTT
	Satellite Launch of SABC News and Sport	SABC 24 Hour News Channel on DSTV	SABC 24 Hour News Channel on DSTV	Develop a comprehensive business plan for approval by the Group Executive Committee, Board News Sub-committee, and the Board.	Submit the business plan to Group, Board News Subcommittee and Board. Commence with divisional structural alignment for the 24 hour news operation.	Recruitment of personnel and dry runs.	Launch the Channel.
			SABC 24 Hour News Channel on DSTV	Completion of Planning	Trials of News 24 Infrastructure.	Launched – dependent on business case and budgetary approval	Workflow refinement and improvement of offering

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention							
Strategic Objectives	Key Deliverable	Indicator	FY12/13	Q1	Q2	Q3	Q4
Deliver a multi-platform, multi-channel SABC offering informed and driven by audience needs	Launch SABC TV Programming On Line	SABC TV On Line offering by FY2015	Technology Platform testing	planning	Restructuring of the technology division	Clustering of skills	Workflow and standards establishment
	Delivery of a SABC Mobile TV Model	A Mobile TV Content offering	Mobile Pilot testing	Achieved	Achieved	Achieved	Achieved
	Delivery of a SABC On Line Radio Streaming Model	A full On Line Radio Streaming Content offering	19 Radio Stations streaming	19 Stations	19 Stations	19 Stations	19 Stations
Minimize audience losses in a multi-platform and competitive environment	Maintain a 58% average audience TV share by FY2014/15	SABC Share of market of 58% by FY2015	60%	60%	60%	60%	60%
	Grow current audience share on Satellite Television Platform by FY2014/15	At least 5 Properties on Satellite Platform by FY2014	Key Channels and Programs on Satellite Platforms	Key Channels & Programs on Satellite platforms	Key Channels & Programs on Satellite platforms	Key Channels & Programs on Satellite platforms	Key Channels & Programs on Satellite platforms

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention							
Strategic Intent:							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Minimize audience losses in a multi-platform and competitive environment	Maintain a 58% average audience Radio share by FY2014/15	SABC PBS Share of market of 56% by FY2015	56%	56%	56%	56%	56%
		SABC PCS Share of market of 11% by FY 2015	11%	11%	11%	11%	11%
		SABC PCS Share of LSM 7-10 market of 18% by FY 2015	18%	18%	18%	18%	18%
	Grow current audience share on Satellite Television Platform by 2014/15	At least 5 Properties on Satellite Platform by FY2014	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms	Key Channels and Programs on Satellite Platforms
	Gain a stable average audience share on the On line Radio Streaming Platform by FY2014/15	A strong SABC Radio presence online by FY2015	19 Radio Stations streaming	19 Stations	19 Stations	19 Stations	19 Stations

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention

Strategic Intent:

Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Deliver a central audience and content-driven TV intelligence-gathering mechanism	A Television audience and competitive intelligence hub	Regular and accurate data and market intelligence information on demand and on time	TV Audience and competitive intelligence hub established	TV Audience and competitive intelligence hub established	TV Audience and competitive intelligence hub established	TV Audience and competitive intelligence hub established	TV Audience and competitive intelligence hub established
Reposition SABC 3 and align to the changing market conditions and audience needs	A Repositioned SABC 3 implemented with new look and feel for the Channel (Imaging and Branding)	Improved audience share of 15% LSM 7–10 by FY12/13	16%	16%	16%	16%	16%
Deliver compelling News and Current Affairs that is informative, educational and entertaining on a 24-hour basis	A fully operational 36-month News Revenue forecast aligned with the cross-functional/multi-platform 36-month transversal TV, Sport and DTT schedule	A rolling newscast delivered to 27 million citizens at an investment of R17 per citizen by FY2014	27 Million audiences	27 Million audiences	27 Million audiences	27 Million audiences	27 Million audiences

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Content Management and Enhancement Strategic Intent							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Management of the Cost of Content Acquisition	Limit the cost per minute price increase to 50% of CPI by 2015	Maintain an average cost per minute increase of not more than 50% of CPI by FY2015	50% of CPI Cost Per Minute increase	Manage commission costs to ensure that overall annual CPM increase does not exceed 50% of CPI	Manage commission costs to ensure that overall annual CPM increase does not exceed 50% of CPI	Manage commission costs to ensure that overall annual CPM increase does not exceed 50% of CPI	CPM increase across all genres to not have exceeded 50% of CPI
Improved amortization of stock	Ensure the better utilisation of stock	100% Recoupment by FY2015	R1.56bn (Amortisation of R987m – TV Only)	Manage amortisation to ensure effective exploitation of stock	Manage amortisation to ensure effective exploitation of stock	Manage amortisation to ensure effective exploitation of stock	Annual amortisation budget achieved
Implement a single transversal multi-channel/platform Content Planning, Acquisition and Scheduling Process	A 36 month Cross Platform Schedule and inventory, aligned and concluded, across platforms, by genre.	Long term planning resulting in better decision making, product quality and efficiency achieved in execution	Cross platform content planning	Establishment of cross divisional long term planning mechanism	Establish organisational long term strategy & budget	Implement cross divisional planning in line with organisational long term strategy & budget	Implement cross divisional planning in line with organisational long term strategy & budget

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Content Management and Enhancement

Strategic Intent:

Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Implement a single transversal multi-channel/platform Content Planning, Acquisition and Scheduling Process	A 36 month Cross Platform Schedule and inventory, aligned and concluded, across platforms, by genre.	Long term planning resulting in better decision making, product quality and efficiency achieved in execution	Cross platform content planning	Establishment of cross divisional long term planning mechanism	Establish organisational long term strategy & budget	Implement cross divisional planning in line with organisational long term strategy & budget	Implement cross divisional planning in line with organisational long term strategy & budget

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention

Key Deliverable	Indicator	FY12/13		Q1	Q2	Q3	Q4
Implement a Sport Operating Model that will deliver compelling, cost efficient, compliant and commercial sport programming	**A new Sports Division model and fully resourced structure with defined roles and responsibilities**	**A sport Division structure up to level 6 by FY 2013 implemented with four functional hubs aligned to each other and group wide operating model:** • **Sports Channel Management** • **Programming** • **Operations** • **In-house Productions**	**Structure implemented by 31/03/2013**	***Approval of Sport Operating Model**	***Consultation with all stakeholders**	***Consultation completed & Sign-off with individuals concluded**	***Implementation**
Implement a Sales Division Model and structure that will deliver revenue on SABC's audience-centric programming offering.	A Sales Division model and fully resourced Structure with defined Roles and Responsibilities	A Sales Division Structure up to level 3 by FY2013 implemented with the following three functional hubs aligned to each other and the group wide operating model: • Sales • Marketing • Operations	Implementation by 31/03/2013	Approval of Sales Operating Model	Consultation with all stakeholders	Evaluation of specific positions	Implementation

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Cost Management							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Effective management and reduction of all Sport costs for the broadcasting Sport content (mandate, development and minority sports)	A Long-term schedule of Sport assets acquired, aligned to the 36-month Television Content Schedule and the 3-year Revenue Sales Forecast	Maintain an average of 10.5% of SABC Total Operating Cost by 30 March 2013	Achieve 10.5% of SABC Total Operating Cost by 30 March 2013(Annual budget) Budget allocated for the year=R647m	Maintain/Achieve 0% budget overrun in Operational budget (allocated budget)	Maintain 0% budget overrun in Operational budget (allocated)	Maintain 0% budget overrun in Operational budget (allocated)	Maintain 0% budget overrun in Operational budget (allocated)
		Maintain 37.5% of SABC amortisation Cost by 30 March 2013 (annual budget)	Achieve 37.5% of SABC amortisation Cost by 30 March 2013 (annual budget) Budget allocated for the Year=R608m	Achieve 0% budget overrun in amortisation budget (allocated budget)	Achieve 0% budget overrun in amortisation budget (allocated budget)	Achieve 0% budget overrun in amortisation budget (allocated budget)	Achieve 0% budget overrun in amortisation budget (allocated budget)

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention							
Strategic Objectives	Key Deliverable	Indicator	FY12/13	Q1	Q2	Q3	Q4
Improve Sports Rights acquisition expenditure	Reduce Sport rights expenditure by 5% across the board on all rights	5% reduction on fees from previous financial	5% reduction on fees from previous financial	Achieve 2% reduction	Achieve 1 % reduction	Achieve 2% reduction	Reduce Sport rights expenditure by 5% across the board on all rights

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Upgrade of Technology Infrastructure Strategic Intent:							
Strategic Objective	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Deliver a Sports Playout Centre	Deliver a Digital Sports Playout Centre for a multi-platform offering	A full Digital Centre for SABC Sport Channel, completed FY2014	R15m	Develop a comprehensive business plan for approval by the Group Executive Committee, and Board	*Submit the business plan to Group, Board for approval * Business case signed off	*Develop 36 month long term plan for content acquisition	Test phase for Launch readiness
Studio Upgrade and Digitization	Complete digitization of studio 1 and 2	Studio 1 and 2 digitized by FY 2014 (FY 2012/13 budget R30m)	R30m	* Business case signed off	Approved business case	Delivery as per project plan	Delivery as per project plan
	Production Studios refurbishment	Television Studio 3 and 7 upgraded by 2015 (FY 2012/13 =R57,5m)	R57,5m	*Business case signed off	Contracting with Vendor for delivery	Delivery as per project plan	Delivery as per project plan

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Governance Control							
Strategic Objectives	Key Deliverables	Indicator	FY12/13	Q1	Q2	Q3	Q4
Embed risk management into the day-to-day activities of the corporation.	Enhancing of Risk Management Tool	Implementation of Risk Management Tool (CURA).	Post Implementation Review of CURA (Governance, Risk and Compliance System)	Implementation of CURA enhancements and controls identified in the review in quarter 1.	Refresher Training for CURA users.	-	-
	Risk Management Training and Awareness	Risk Management Training and Awareness	Awareness of risk management instruments (Policies and Framework)	Risk Champions conference on risk management within the SABC.	-	-	-
	Enterprise-wide fraud and corruption risk assessments.	Fraud and Corruption strategy implementation.	Fraud and Corruption strategy implementation	Fraud and Corruption strategy implementation.	Facilitation of annual fraud and corruption risk assessments.	Fraud and corruption awareness programs. Re-launch of whistle Blowers Hotline	-

QAURTERLY Performance Indicators: FY2012/13

[redacted]	**Disaster Recovery Plan and Business Continuity Plan**	**Develop SABC comprehensive DRP and BCP**	**None**	**Development of a comprehensive DRP and BCP.**	**Risk Committee and Board Approval of Comprehensive BCP and DRP.**	**None**	
	Monitoring & Remediation	Issue Tracking and remediation	None	Develop a consolidated issue tracking report to monitor resolution on key issues identified by all stakeholders across business, linked to specific risks that are required to be mitigated.	Integrate Internal Audit results into risks assessments.	Ongoing implementation of Internal Audit results into risks assessments.	-
	Formalising the risk management process	Review and enhance Risk Management instruments • Risk Management Policy • Risk Management Framework • Fraud and Corruption Policy • Fraud and Corruption Strategy • Whistle Blowing Policy	Risk Committee and Board Approval of the Risk Management Instruments.	Communicating the new instruments as approved.	-	Risk Culture assessment survey covering all divisions and levels across the organisations.	-

QAURTERLY Performance Indicators: FY2012/13

Key Performance Areas: Audience Attraction and Retention						
Strategic Objectives	**Indicator**	**FY12/13**	**Q1**	**Q2**	**Q3**	**Q4**
Embed risk management into the day-to-day activities of the corporation.	Monitoring and Reporting	Risk Management Oversight	Quarterly risk management reports (Operational Risk Committee & Group Executive Committee) Quarterly provincial reviews	Quarterly risk management reports (Operational Risk Committee & Group Executive Committee) Quarterly provincial reviews	Quarterly risk management reports (Operational Risk Committee & Group Executive Committee) Quarterly provincial reviews	Quarterly risk management reports (Operational Risk Committee & Group Executive Committee) Quarterly provincial reviews

SABC

STATUS ON FM EXPANSION

AND

LOW POWER TRANSMITTER ROLLOUT

Low Power Additional coverage achieved to date 30/3/2012

Province	Additional % coverage per province - Radio	Additional % on total population - Radio	Total Population Radio	Additional % coverage per province - Television	Additional % on total population - Television	Total Population Television
In Service						
Eastern Cape	0,04%	0,04%	23 310	0,49%	0,07%	32 847
Free State	0,07%	0,07%	52 835	2,27%	0,13%	64 048
Kwazulu Natal	0,25%	0,25%	176 075	1,56%	0,33%	166 099
Limpopo	0,17%	0,17%	108 528	2,11%	0,23%	114 966
Mpumalanga	0,01%	0,01%	21 776	0,56%	0,04%	20 342
Northern Cape	0,00%	0,00%	772	0,09%	0,00%	944
North West	0,01%	0,01%	9 505	0,48%	0,03%	15 491
Western Cape	0,01%	0,01%	9 555	0,47%	0,05%	24 347
Sub - total			**402 356,0**			**439 084**
Ready For Service						
Kwazulu Natal	0,00%	0,00%	2 952	0,44%	0,09%	46 741
Limpopo	0,00%	0,00%	0	0,01%	0,00%	426
North West	0,01%	0,01%	4 381	0,39%	0,03%	12 608
Sub - total			**7 333**			**59 775**

Low Power Additional coverage – FY 2012/13

Province	Additional % coverage per province - Radio	Additional % on total population - Radio	Total Population Radio	Additional % coverage per province - Television	Additional % on total population - Television	Total Population Television
New Sites planned for 2012/2013 financial year						
Eastern Cape	0,06%	0,06%	34 883	0,26%	0,04%	17 580
Free State	0,02%	0,02%	21 972	0,88%	0,05%	24 746
Kwazulu Natal	0,03%	0,03%	20 947	0,08%	0,02%	8 816
Limpopo	0,31%	0,31%	178 815	4,42%	0,48%	240 231
Mpumalanga	0,11%	0,11%	67 783	3,89%	0,28%	140 837
Northern Cape	0,01%	0,01%	3 137	0,34%	0,01%	3 770
North West	0,04%	0,04%	18 190	1,09%	0,07%	34 929
Western Cape	0,02%	0,02%	14 477	0,65%	0,07%	33 738
Sub - total			**360 204**			**504 647**
Self-help station refurbishment planned for 2012/2013 financial year						
Eastern Cape	0,02%	0,02%	20 525	0,24%	0,03%	15 947
Free State	0,00%	0,00%	4 217	0,24%	0,01%	6 783
Kwazulu Natal	0,01%	0,01%	15 304	0,18%	0,04%	18 875
Limpopo	0,00%	0,00%	0	0,00%	0,00%	0
Mpumalanga	0,00%	0,00%	1 888	0,06%	0,00%	2 037
Northern Cape	0,02%	0,02%	18 952	2,82%	0,06%	31 182
North West	0,00%	0,00%	0	0,00%	0,00%	0
Western Cape	0,01%	0,01%	7 636	0,24%	0,03%	12 676
Sub - total			**68 522**			**87 500**
Total			**838 415**			**1 091 006**

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Financial Plan

FY2012-2015

Income Statement FY2012-2015 EXPENDITURE

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	FY12/13 Budget R'000	FY13/14 Forecast R'000	FY14/15 Forecast R'000
Less: Expenditure	**(6 150 934)**	**(6 385 062)**	**(6 872 328)**
Amortised Local & Foreign Media costs	(1 011 601)	(1 017 191)	(1 109 621)
Amortised Sport Rights & Productions	(607 701)	(603 965)	(651 277)
Broadcast costs	(477 059)	(414 674)	(433 209)
Signal Distribution	(569 763)	(602 596)	(639 580)
Employee Compensation & Benefits	(1 942 956)	(2 114 284)	(2 266 529)
Marketing	(251 162)	(265 635)	(281 938)
TV Licence Collection cost	(186 099)	(199 611)	(224 657)
Professional and Consulting Fees	(153 068)	(153 068)	(153 068)
Other Opex costs	(444 069)	(504 272)	(535 222)
Other Personnel costs	(143 392)	(116 192)	(124 563)
Other Admin costs	(70 706)	(74 780)	(79 370)
Other (profits)/losses	(371)	0	0
Other Impairments	(293)	0	0
Employee Benefit re-evaluations	0	0	0
Depreciation of PPE	(292 694)	(318 793)	(373 293)
SWC 2010 costs	0	0	0
Operating profit before interest and tax	**100 918**	**266 294**	**494 902**
Less: Net Financing loss	**(89 749)**	**(75 549)**	**(19 677)**
Interest Received	24 436	12 218	12 218
Interest Paid	(114 185)	(87 767)	(31 895)
Profit/ (Loss) before income tax	**11 169**	**190 745**	**475 225**
Income Tax	**0**	**0**	**0**
Current year Income Tax	0	0	0

Income statement FY2012-2015
REVENUE

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Income Statement	FY12/13 Budget R'000	FY13/14 Forecast R'000	FY14/15 Forecast R'000
Revenue Increased 9%			
Advertising	4,350,932	4,703,930	5,216,376
Sponsorships	387,300	420,028	472,324
Trade exchange revenue	157,267	95,603	95,603
TV Licences	920,808	987,664	1,111,593
Government Grants	160,161	162,320	143,620
Other	275,384	281,811	327,714
SWC 2010 revenue	0	0	0
Total Revenue	**6,251,852**	**6,651,356**	**7,367,230**

Revenue Sources

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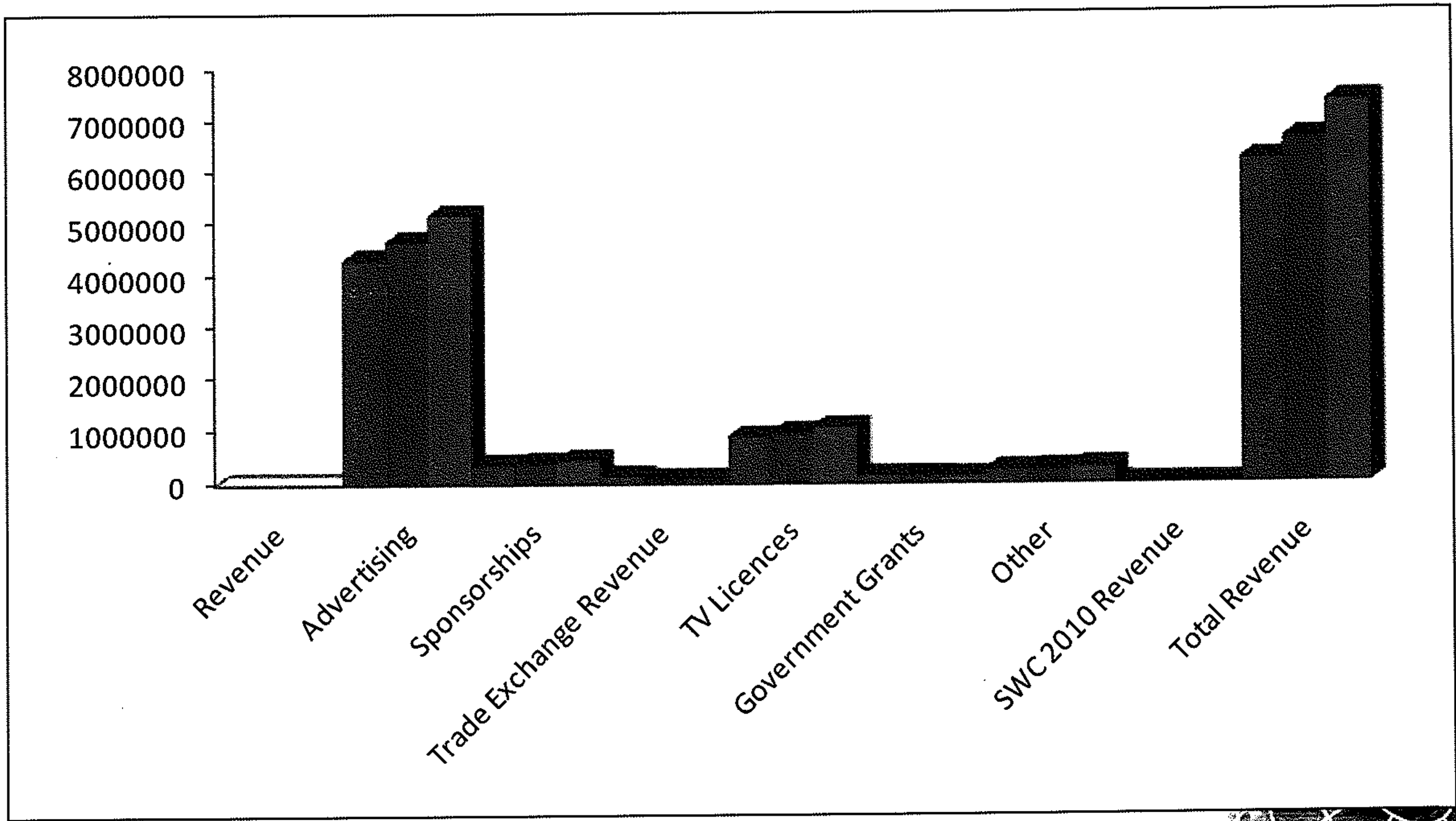

Key Drivers / Assumptions FY2012-2015

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Key Drivers/Assumptions	FY12/13 Bud	FY13/14 F	FY14/15 F
	R'000	R'000	R'000
Credit Sales	5,786,582	6,306,023	7,015,819
Cash sales	1,009,537	1,056,784	1,180,713
Total Sales	**6,796,119**	**7,362,807**	**8,196,532**
Signal Distribution	569,763	602,596	639,580
Remuneration	1,846,451	2,011,253	2,156,144
Marketing	251,162	265,635	281,938
Capex investment	527,000	672,696	404,202
Local & Foreign media investment	1,060,287	949,717	1,264,046
Sport rights & produciton investment	492,238	626,658	432,865
Critical vacant post requests:	72,505	77,408	82,933
Long term Investments	0	0	0
Loan repayments	(333,333)	(333,333)	(222,222)
Total Debtor impairment provision	(28,933)	(15,765)	(17,540)

Key Drivers / Assumptions FY2012-2015

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Key Drivers/Assumptions	FY12/13 Bud R'000	FY13/14 F R'000	FY14/15 F R'000
Ratios			
Advertising collection cost ratio	14.0%	14.9%	14.9%
TV Licence collection cost ratio	20.2%	20.2%	20.2%
Marketing cost/Total sales ratio	3.7%	3.6%	3.4%
Operating margin (EBIT)	1.61%	4.00%	6.72%
Net profit margin (NOPAT)	0.18%	2.87%	6.45%
Return on assets	0.24%	3.61%	8.70%
Net working capital (nn:1)	1.17	1.15	1.54
Quick Ratio (nn:1)	0.69	0.66	0.86
Number of days Stock (Local & Foreign)	311	296	335
Number of days Stock (Sport)	206	238	195
Number of days Debtors (after impairment prov)	67	67	68
Debtor impairment as % of credit sales	0.50%	0.25%	0.25%
Number of days Creditors	111	110	100
Fixed cost : Total costs (Progr, Signal & HR)	67%	70%	71%
Variabel cost : Total costs	33%	30%	29%
Other Economic Ratios			
Inflation	5.31%	5.76%	6.14%
Salary Increase	8.00%	6.76%	7.14%
Medical aid Inflation (CPI +3%)	9.00%	8.76%	9.14%
Interest Paid on LT Loan (1.8% above JIBAR - 1.3%	10.89%	11:35%	11.75%
Interest Paid	10.39%	10.85%	11.25%
TV advertising growth (PWC outlook)	8.10%	10.30%	10.30%
Radio advertising growth (PWC outlook)	9.98%	11.35%	12.10%
TV Licence growth (PWC outlook)	0.83%	1.08%	0.70%
Internet Sales (PWC outlook)	25.35%	23.15%	20.60%
TV advertising growth (Sales and Marketing forecast	10.00%	8.00%	10.00%
Radio advertising growth (Sales and Marketing forec	10.00%	11.00%	12.10%
TV Sponsorship (Sales and marketing forecasts)	13.00%	8.00%	10.00%
Radio Sponsorship (Sales and marketing forecasts)	1.00%	1.00%	1.00%
Internet Sales (Sales and marketing forecasts)	10.00%	10.00%	10.00%
PRIME - Interest rates			
RMB	9.50%	10.50%	11.00%
NEDBANK	11.50%	11.00%	10.00%
ABSA	0.00%	0.00%	0.00%
BER	9.00%	10.00%	12.50%
ECONOMETRIX	11.10%	11.50%	0.00%
FY average	**9.41%**	**10.39%**	**10.85%**

Meeting the Govt. Guarantee Targets

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Ri bx Dec'09

	FY12/13 - FY14/15 CORPORATE PLAN			GOVERNMENT GAURANTEE (2nd - 2011/12)		DIFFERENCE
	FY12/13 Budget R'000	FY13/14 Forecast R'000	FY14/15 Forecast R'000	FY12/13 R'000	FY13/14 R'000	FY11/12 R'000
Revenue						
Advertising	4,350,932	4,703,930	5,216,376	3,990,176	4,344,174	0
Sponsorships	387,300	420,028	472,324	484,212	522,948	0
Trade exchange revenue	157,267	95,603	95,603	95,603	95,603	0
TV Licences	920,808	987,664	1,111,593	1,023,647	1,147,708	0
Government Grants	160,161	162,320	143,620	157,984	158,896	0
Other	275,384	281,811	327,714	222,961	234,606	0
SWC 2010 revenue	0	0	0	0	0	0
Total Revenue	**6,251,852**	**6,651,356**	**7,367,230**	**5,974,583**	**6,503,935**	**0**
Less: Expenditure	**(6,150,934)**	**(6,385,062)**	**(6,872,328)**	**(5,844,089)**	**(6,237,794)**	**0**
Amortised Local & Foreign Media costs	(1,011,601)	(1,017,191)	(1,109,621)	(1,569,416)	(1,640,628)	517,387
Amortised Sport Rights & Productions	(607,701)	(603,965)	(651,277)			(517,387)
Broadcast costs	(477,059)	(414,674)	(433,209)	(359,858)	(380,033)	0
Signal Distribution	(569,763)	(602,596)	(639,580)	(553,835)	(587,342)	0
Employee Compensation & Benefits	(1,942,956)	(2,114,284)	(2,266,529)	(1,934,157)	(2,069,337)	0
Marketing	(251,162)	(265,635)	(281,938)	(198,560)	(210,573)	0
TV Licence Collection cost	(186,099)	(199,611)	(224,657)	(198,890)	(234,471)	0
Professional and Consulting Fees	(153,068)	(153,068)	(153,068)	(165,658)	(115,658)	0
Other Opex costs	(444,069)	(504,272)	(535,222)	(450,463)	(508,722)	0
Other Personnel costs	(143,392)	(116,192)	(124,563)	(19,636)	(74,486)	(86,169)
Other Admin costs	(70,706)	(74,780)	(79,370)	(68,710)	(72,867)	0
Other (profits)/losses	(371)	0	0	0	0	0
Other Impairments	(293)	0	0	0	0	0
Employee Benefit re-evaluations	0	0	0	(92,102)	(45,062)	86,169
Depreciation of PPE	(292,694)	(318,793)	(373,293)	(232,804)	(298,615)	0
SWC 2010 costs	0	0	0	0	0	0
Operating profit before interest and tax	**100,918**	**266,294**	**494,902**	**130,494**	**266,141**	**0**
Less: Net Financing loss	**(89,749)**	**(75,549)**	**(19,677)**	**(119,325)**	**(75,396)**	**0**
Interest Received	24,436	12,218	12,218	0	0	0
Interest Paid	(114,185)	(87,767)	(31,895)	(119,325)	(75,396)	0
Profit/ (Loss) before income tax	**11,169**	**190,745**	**475,225**	**11,169**	**190,745**	**0**
Income Tax	**0**	**0**	**0**	**0**	**0**	**0**
Current year Income Tax	0	0	0	0	0	
Profit/ (loss) for the year BEFORE other comprehensive adjustments	**11,169**	**190,745**	**475,225**	**11,169**	**190,745**	**0**

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Government Guarantee Targets

- The SABC predicts that it will be R1bn short in meeting the improvements required in the Government Guarantee.
- Revenue improvements remains a challenge and will be R1.7bn lower than expected.
- However, the SABC will be able to improve on the cost reductions expected and exceed the Government Guarantee expectations by R685m
- Much as the SABC has made an application where it is projecting a loss of R119 million compared to a budgeted profit of R228 million stipulated on the Government Guarantee Conditions agreement for the FY2011/12. This figure might change as the organisation continues to manage its cost down. As of the end of the 3rd Quarter, the projection till year end is a loss of 93 million (but might be less)

Performance Monitoring

SABC has instituted monitoring mechanisms that will regularly track those factors that negatively impact on the financial performance of the organisation with a particular focus on the following: :

- Declining audience share
- Declining advertising revenue share
- Declining Sponsorship Revenues
- Procurement of compelling content
- Lack of Alignment of compelling content to individual brand strategies
- Schedule stability defined in terms of a 36-month content schedule
- Improvements in the management of content, content planning and acquisition
- Sport Costs reduction
- Management of People Costs
- Management of Fruitless and Wasteful expenditure through Strategic Procurement and Sourcing
- Performance management and revision of the Delegated Authority Framework (DAF)
- Preparation for Digital Migration and Multi-Channel Environment
- Implementation of the Recommendations of the Auditor General

Summary of Financial Information FY2012-2015

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Statement of Financial Position	FY12/13 Budget R'000	FY13/14 Forecast R'000	FY14/15 Forecast R'000
ASSETS	**1,786,356**	**2,139,752**	**2,170,153**
Property, plant and equipment, Computer software	1,754,644	2,108,547	2,139,455
Investment Properties	31,712	31,205	30,698
Other	11	11	11
Pre-payments (LT Sports rights)	170,271	220,271	149,271
Defined benefit assets	123,702	80,791	37,542
Available-for-sale financial assets	4,847	4,847	4,847
Non-current assets	**2,085,187**	**2,445,672**	**2,361,825**
Current assets	**2,539,930**	**2,831,783**	**3,103,174**
Foreign & Local Media assets *amortise as much as poss.*	863,002	824,900	1,018,419
Sport Rights & Productions	173,233	393,818	347,943
Pre-payments *keep it low*	23,550	23,550	23,550
Trade and other receivables *try to collect asap*	1,062,195	1,157,544	1,307,057
Other Current Assets	1,825	1,825	1,825
Restricted cash	13,283	29,210	0
Cash and cash equivalents	402,843	400,936	404,381
TOTAL ASSETS	**4,625,117**	**5,277,455**	**5,464,999**

Summary of Financial Information FY2012-2015

SABC

Vuka Sizwe!

	FY12/13 Budget R'000	FY13/14 Forecast R'000	FY14/15 Forecast R'000
EQUITY	**729 994**	**920 740**	**1 395 965**
Share capital	1	1	1
Fair value adjustment reserve	2 454	2 454	2 454
Insurance reserve	6	6	6
Retained earnings	727 533	918 279	1 393 504
LIABILITIES			
Perpetual instrument	27 390	27 390	27 390
Interest-bearing loans and borrowings	408 259	10 653	12 724
Deferred government grant (Technology)	364 161	337 661	317 561
Employee benefits	917 998	1 522 845	1 690 720
Other Non-Current Liabilties	1 537	1 537	1 537
Non-current liabilities	**1 719 345**	**1 900 086**	**2 049 932**
Current liabilities	**2 175 778**	**2 456 629**	**2 019 102**
Trade payables *try to stretch suppliers*	1 538 503	1 807 003	1 765 638
Other payables	51 979	54 974	58 348
Current Employee Benefits	0	0	0
Deferred income (TV Licence & Sponsorships)	130 346	130 346	130 346
Current portion of interest-bearing loans and borrowings *∴ repaid by 2014 in full*	390 180	399 536	0
Taxation payable	0	0	0
Provisions	64 770	64 770	64 770
Head Office loan	0	0	0
Bank overdraft	0	0	0
TOTAL LIABILITIES	**3 895 123**	**4 356 715**	**4 069 034**
TOTAL EQUITY AND LIABILITIES	**4 625 117**	**5 277 455**	**5 464 999**

Statement of Cash Flows FY2012-2015

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5. Cash flows	FY12/13 Bud	FY13/14 F	FY14/15 F
	R'000	R'000	R'000
"Cash" profit/(loss) before Programme/Film	1 852 397	2 037 495	2 534 917
Prog, Film & Sport rights Investments	(1 552 524)	(1 171 375)	(1 696 911)
Working Capital generated/(used)	51 715	192 845	(62 104)
- Trade Debtors	(207 592)	(95 349)	(149 513)
- All Pre-payments	27 875	(50 000)	71 000
- Trade Creditors	228 809	268 500	(41 365)
- Other trade payables & Provisions	2 622	2 995	3 374
- Deferred Income	0	66 700	54 400
Cash generated/(utilised) in Operations	**351 588**	**1 058 965**	**775 902**
Capex Investments	(527 000)	(656 696)	(404 202)
Incr. Pension fund contribution (after holiday)	0	0	0
PRMA Adjustments	0		
Difference - BS Prog Amort & IS Prog Amort	0		
Investments & Equity Deals	0	0	0
Restricted Cash	142 717	(15 927)	29 210
Cash needed for Investments	**(384 283)**	**(672 623)**	**(374 992)**
Cash gen./(used) before Borrowings	**(32 695)**	**386 342**	**400 910**
Borrowings/Debt	(388 127)	(388 249)	(397 465)
Total cash generated/(used)	**(420 823)**	**(1 907)**	**3 445**
Total Cash Open Balance	823 666	402 843	400 936
Cash generated/(used)	(420 823)	(1 907)	3 445
Total Cash Close Balance	**402 843**	**400 936**	**404 381**

Cash Flow

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For the next 36 months; the business will demonstrate a trend or its capability to generate cash from its normal operations (excluding of DTT projects). Blow is an outline of the projected performance for the next 36 months:

	FY12/13 Budget	FY 13/14 Forecast	FY14/15 Forecast
Cashflows	R'000	R'000	R'000
Total Cash Close Balance (Normal Operations)	**402,843**	**400,936**	**404,381**
Not Funded			
Capital Expenditure	(659,119)	(16,000)	
Local and Foreign Media Content	(180,655)	(200,000)	
Sports Rights & production	(252,489)	(205,000)	
DTT Content, Subtitling, Dubbing & Audio	(219,389)	(561,413)	(968,055)
Total Additional Cash Usage not funded	**(1,311,652)**	**(982,413)**	**(968,055)**
Creditor day's cash generation impact	447,475	294,887	267,689
Cash Close Balance after "Not Funded"	**(461,334)**	**(286,590)**	**(295,985)**

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Borrowing Debt Levels

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Borrowings/Debt	FY12/13 Bud	FY13/14	FY14/15
Term loans	**R'000**	**R'000**	**R'000**
Open Balance	888 889	555 556	222 222
Plus Additional Borrowings	-	-	-
Less Repayments	(333 333)	(333 333)	(222 222)
Close Balance	555 556	222 222	-
Cash generated/(used)	(333 333)	(333 333)	(222 222)
Other Loans (APT): subsidieary			
Open balance	12 537	12 537	12 537
Close balance	12 537	12 537	12 537
Cash generated/(used)	-	-	-
Asset Leases: HD OB Vans			
Open Balance	285 140	230 346	175 430
Close Balance	230 346	175 430	187
Cash generated/(used)	(54 794)	(54 916)	(175 243)

QUESTIONS

&

ANSWERS