

**IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA  
(HELD AT BRAAMFONTEIN)**

**CASE NO.** \_\_\_\_\_

In the matter between:

**MEDIA MONITORING AFRICA TRUST** Applicant

and

**PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA** First Respondent

**SPEAKER OF THE NATIONAL ASSEMBLY** Second Respondent

**MINISTER OF COMMUNICATIONS AND  
DIGITAL TEHCNOLOGIES** Third Respondent

**SOUTH AFRICAN BROADCASTING  
CORPORATION SOC LIMITED** Fourth Respondent

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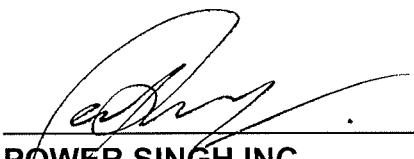
**FILING SHEET**

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**KINDLY TAKE NOTICE THAT** the Applicant presents for service and filing:

1. Notice of Application and Founding Affidavit; and
2. Supporting Affidavit.

**DATED** at **JOHANNESBURG** this the **24<sup>th</sup>** day of **FEBRUARY 2023**.

  
\_\_\_\_\_  
**POWER SINGH INC.**  
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[legal@powersingh.africa](mailto:legal@powersingh.africa)  
Ref: **PSIMM-202303**

**TO: THE REGISTRAR OF THE CONSTITUTIONAL COURT**

**AND TO: PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**  
First Respondent  
Union Buildings, Government Avenue, Pretoria  
Tel: +27 12 300 5332  
E-mail: [Geofrey@presidency.gov.za](mailto:Geofrey@presidency.gov.za)

**AND TO: SPEAKER OF THE NATIONAL ASSEMBLY**  
Second Respondent  
Parliament Building, Parliament Street, Cape Town  
Tel: +27 21 403 259  
Email: [zngoma@parliament.gov.za](mailto:zngoma@parliament.gov.za)

**AND TO: MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES**  
Third Respondent  
iParioli Office Park, 1166 Park Street, Hatfield, Pretoria  
Tel: +27 12 427 8015  
Email: [slyons-grootboom@dtps.gov.za](mailto:slyons-grootboom@dtps.gov.za)

**AND TO: SOUTH AFRICA BROADCASTING CORPORATION SOC LIMITED**  
Fourth Respondent  
C/o the Group Chief Executive Officer and Company Secretary  
Cnr Artillery & Henley Road, Auckland Park, Johannesburg  
Tel: +27 11 714 9111  
Email: [mxakwem@sabc.co.za](mailto:mxakwem@sabc.co.za) and [bayil@sabc.co.za](mailto:bayil@sabc.co.za)

**AND TO: STATE ATTORNEY, PRETORIA**  
316 Thabo Sehume Street Pretoria Central  
Tel: +27 12 309 1500

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**NOTICE OF APPLICATION**

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**TAKE NOTICE** that, subject to any directions by the Chief Justice, the applicant will apply to this Court, on **TUESDAY 28 MARCH 2023 at 10h00** or so soon thereafter as counsel may be heard, for an order in the following terms:

1. This application is heard as an urgent application under Rule 12, the ordinary requirements of the Rules of this Court in respect of notice, service and time periods being dispensed with, and the applicant's departure therefrom being condoned.
2. This Court has exclusive jurisdiction over this application under section 167(4)(e) of the Constitution.

3. In the alternative to paragraph 2 above, the applicant is granted direct access to this Court.
4. It is declared that the President of the Republic of South Africa (“**the President**”) has failed to fulfil his obligation in terms of section 84(2)(e) of the Constitution, diligently and without delay, to appoint the twelve non-executive members of the Board of the South African Broadcasting Corporation SOC Limited (“**the SABC**”) on the advice of the National Assembly, as required by section 13(1) of the Broadcasting Act, 1999.
5. The President is directed immediately to appoint the twelve persons selected by the National Assembly on 6 December 2022 as the non-executive members of the Board of the SABC.
6. The costs of this application, including the costs of two counsel, shall be borne jointly and severally by any respondents opposing it.
7. Further and/or alternative relief.

**TAKE NOTICE FURTHER** that the accompanying affidavits of **WILLIAM ROBERT BIRD**, and **MICHAEL GRANT MARKOVITZ** will be used in support of this application.

**TAKE NOTICE FURTHER** that the applicants have appointed **POWER SINGH INC.** as their attorneys of record in this matter, and will accept service of all documents in these proceedings service at the following email addresses: [tina@powersingh.africa](mailto:tina@powersingh.africa); [slindile @powersingh.africa](mailto:slindile@powersingh.africa); [legal@powersingh.africa](mailto:legal@powersingh.africa).



**TAKE NOTICE FURTHER** that:

- (a) any party intending to oppose this application shall by **FRIDAY 3 MARCH 2023** lodge notice of such intention, and shall in such notice appoint an address within 25 kilometres of the office of the Registrar at which they will accept service of all documents in the proceedings;
- (b) any answering affidavits shall be lodged by **FRIDAY 10 MARCH 2023**;
- (c) the applicants shall lodge an indexed and paginated set of the papers, as well as their heads of argument, by **THURSDAY 16 MARCH 2023**;
- (d) any opposing respondents shall lodge their heads of argument by **THURSDAY 23 MARCH 2023**.

**TAKE NOTICE FINALLY** that notwithstanding the above proposed timeframes, the Chief Justice is requested to give directions for the matter to be dealt with at such time and in such manner, and in accordance with such procedure, which shall as far as is practicable be in accordance with the Rules of this Court, as may be appropriate.

**DATED** at **JOHANNESBURG** this the **24<sup>th</sup>** day of **FEBRUARY 2023**.



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Ref: **PSIMM-202303**

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**AND TO: PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

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Third Respondent  
iParioli Office Park, 1166 Park Street, Hatfield, Pretoria  
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**AND TO: SOUTH AFRICA BROADCASTING CORPORATION SOC LIMITED**

Fourth Respondent  
C/o the Group Chief Executive Officer and Company Secretary  
Cnr Artillery & Henley Road, Auckland Park, Johannesburg  
Tel: +27 11 714 9111  
Email: [mxakwem@sabc.co.za](mailto:mxakwem@sabc.co.za) and [bayil@sabc.co.za](mailto:bayil@sabc.co.za)

**AND TO: STATE ATTORNEY, PRETORIA**

316 Thabo Sehume Street Pretoria Central  
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**FOUNDING AFFIDAVIT**

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*ZWSKK*

I, the undersigned,

**WILLIAM ROBERT BIRD**

state under oath:

1. I am an adult male and the Director of the Media Monitoring Africa Trust ("**MMA**"), an *inter vivos* trust with registration number T1411/93 and with registered offices at Suite No. 2, Art Centre, 22 6th Street, Parkhurst, Johannesburg.
2. I am duly authorised to institute this application and to depose to this affidavit on behalf of MMA.
3. The facts to which I depose are within my personal knowledge, except where it is apparent from the context that they are not, and are to the best of my belief true and correct. Where I make submissions of law, I do so on the advice of the applicant's legal representatives.

**OVERVIEW**

4. This is an application in terms of section 167(4)(e) of the Constitution and Rule 11(1)(a) of this Court's Rules, concerning the ongoing failure of the President of the Republic of South Africa ("**President**") to fulfil his constitutional obligation, in terms of section 84(2)(e) of the Constitution, to appoint the twelve non-executive members of the Board of the South African Broadcasting Corporation SOC Ltd ("**SABC**") on the advice of the National Assembly, as required by section 13(1) of the Broadcasting Act 4 of 1999 ("**Act**").
5. The SABC has been without a Board for 132 days.

6. MMA seeks an order declaring that the President has failed to fulfil this obligation diligently and without delay, and directing him to do so without further delay.
7. The application falls within the exclusive jurisdiction of this Court, alternatively, it is in the interests of justice to grant the applicant direct access to this Court.
8. The application is urgent in terms of Rule 12, owing to the fact that the SABC, a public institution serving cardinal constitutional aims, will soon have been without a Board for half a financial year, which ends on 31 March 2023.
9. The matter raises a crisp question of constitutional and statutory interpretation: Does the President have the power to reject any of the appointees chosen by the National Assembly?
10. MMA submits not. The President cannot have such a power, as it would undercut the independence of the SABC. Accordingly, the President's delay in appointing the members of the SABC Board is unconstitutional.
11. This affidavit traverses the following:
  - 11.1. the parties, including MMA's standing;
  - 11.2. the background to this application;
  - 11.3. the President's failure to fulfil his constitutional obligations;
  - 11.4. grounds for exclusive jurisdiction, alternatively direct access;
  - 11.5. urgency;
  - 11.6. appropriate relief

**PARTIES*****MMA and its legal standing***

12. The applicant, **MMA**, is a not-for-profit organisation that has been monitoring the media since 1993. It was originally founded to monitor the fairness of the SABC's coverage of South Africa's first democratic elections and the lead-up to it.
13. MMA operates in the public interest to promote the development of a free, fair, ethical, and critical media culture in South Africa. MMA's work relates to key human rights issues, with the objective of promoting democracy and human rights and encouraging a just and fair society.
14. MMA has played and continues to play an active role in media monitoring, and seeks to engage proactively with media, civil society organisations, state institutions and citizens, and in doing so advocates for freedom of expression and the responsible free flow of information to the public.
15. Over the past 30 years, MMA has monitored the SABC and engaged extensively with the challenges faced by the SABC, including various governance crises which the public broadcaster has grappled with, issues around human dignity in broadcasting, and the importance of prioritising the protection of children in the SABC's editorial policies (both in 2010 and 2020), as well as the SABC's licence conditions.
16. MMA brings this application both in the public interest – owing to the importance to the South African public, especially the poor, of a properly functioning SABC – and in MMA's own interest in realising its mandate to promote democracy and

human rights in the media space. As explained below, the dysfunctionality of the SABC Board threatens the realisation of the rights of the South African public to freedom of expression (including the right to receive information and ideas freely) and also to substantive equality.

17. Accordingly, MMA has legal standing to bring this application by virtue of sections 38(a) and (d) of the Constitution.

18. I am at pains to make it clear that MMA is not a vexatious constitutional busybody and does not approach this Court lightly. MMA's prior involvement in litigation has been limited to matters of high constitutional import, and in each case MMA's contribution has, I submit, been of assistance to the courts, and these cases include:

18.1. MMA was an applicant before the Johannesburg Division of the High Court in *SOS v SABC*,<sup>1</sup> two consolidated applications in which MMA and the other applicants succeeded in securing the independence of the SABC Board from the influence of the then Minister of Communications.

18.2. MMA was an applicant before this Constitutional Court in *e.tv v Minister of Communications*,<sup>2</sup> concerning the legality of the process of

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<sup>1</sup> *SOS Support Public Broadcasting Coalition and Others v South African Broadcasting Corporation SOC Limited and Others* [2017] ZAGPJHC 289 ("**SOS v SABC**").

<sup>2</sup> *e.tv (Pty) Ltd v Minister of Communications and Digital Technologies and Others; Media Monitoring Africa and Another v e.tv (Pty) Limited and Others* [2022] ZACC 22; 2022 (9) BCLR 1055 (CC).

television migration from an analogue signal to a digital signal, including the rights-based implications of this process;

18.3. MMA was again an applicant in this Court in a different *SOS v SABC*, which considered whether a licensing agreement concluded between the SABC and MultiChoice constituted a notifiable merger.<sup>3</sup>

18.4. MMA was an *amicus curiae* in this Court in *amaBhungane v Minister of Justice*,<sup>4</sup> concerning the constitutionality of various provisions of the Regulation of Interception of Communications and Provision of Communication Related Information Act, 2002. MMA advanced submissions on the protection of the rights of children and civil society actors.

### ***The respondents***

19. The first respondent is the **PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**. In terms of section 83(a) of the Constitution, the President is the Head of State and Head of the National Executive. The President's head office is located at the Union Buildings, Government Avenue, Pretoria. The President is cited as he has breached the Constitution and MMA seeks relief directly against him.

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<sup>3</sup> *S.O.S Support Public Broadcasting Coalition and Others v South African Broadcasting Corporation (SOC) Limited and Others* [2018] ZACC 37; 2018 (12) BCLR 1553 (CC); 2019 (1) SA 370 (CC).

<sup>4</sup> *amaBhungane Centre for Investigative Journalism NPC and Another v Minister of Justice and Correctional Services and Others; Minister of Police v amaBhungane Centre for Investigative Journalism NPC and Others* [2021] ZACC 3; 2021 (4) BCLR 349 (CC); 2021 (3) SA 246 (CC).



20. The second respondent is the **SPEAKER OF THE NATIONAL ASSEMBLY** (“**the Speaker**”). The Speaker’s head office is located at Parliament Building, Room E118, Parliament Street, Cape Town. The Speaker is cited in her capacity as the representative of the National Assembly, a body elected to represent the people of South Africa and ensure accountable government in terms of section 43 of the Constitution. The Speaker is cited owing to the interest the National Assembly may have in the matter. Although no relief is sought against it, the matter concerns the powers of the National Assembly, and specifically whether its selection of SABC Board members under section 13(1) of the Act is binding on the President.
21. The third respondent is the **MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES** (“**the Minister**”). Her official address is iParioli Office Park, 1166 Park Street, Hatfield, Pretoria. Although no relief is sought against her, she is cited for the interest she may have in the subject matter of this application, as the Cabinet member responsible for the administration of the Act.
22. The fourth respondent is the **SABC**. The SABC is a state-owned public company established in terms of section 8A of the Act. No relief is sought against the SABC, but it is cited for the clear interest it has in the subject matter and outcome of this application. The SABC’s main place of business is at the Broadcasting Centre, Corner of Artillery and Henly Road, Auckland Park, Johannesburg. The SABC will be served the care of its Group Chief Executive Officer.

**BACKGROUND*****The SABC***

23. During apartheid, the SABC was little more than the broadcasting branch of the white supremacist National Party government.
24. The Broadcasting Act was enacted in 1999, aiming among other things “to align the broadcasting system with the democratic values of the Constitution and to enhance and protect the fundamental rights of citizens” (preamble to the Act). Among its objectives is to “establish a strong and committed public broadcasting service which will service the needs of all South African society” (section 2(l)).
25. The “new” SABC has a profound democratic mandate (section 6(4) of the Act, part of the “Charter” of the SABC), including to:
- encourage the development of South African expression by providing, in South African official languages, a wide range of programming that—
  - (a) reflects South African attitudes, opinions, ideas, values and artistic creativity;
  - (b) displays South African talent in education and entertainment programmes;
  - (c) offers a plurality of views and a variety of news, information and analysis from a South African point of view;
  - (d) advances the national and public interest.
26. Under section 6(8) of the Act (also part of the Charter of the SABC):
- The [SABC] must develop a Code of Practice that ensures that the services and the personnel comply with—
- (a) the constitutional principle of equality;
  - (b) the equitable treatment of all segments of the South African population;
  - (c) the constitutional requirement of equitable treatment of all official languages;
  - (d) the rights of all South Africans to receive and impart information and ideas;

- (e) the mandate to provide for a wide range of audience interests, beliefs and perspectives; and
- (f) a high standard of accuracy, fairness and impartiality in news and programmes that deal with matters of public interest.

27. The SABC is thus, by statutory design, a vital vehicle for deepening democracy and for promoting and fulfilling the rights of the South African public to equality and freedom of expression.

28. In **SOS v SABC**, where it was held that the Minister does not have the power to appoint and remove the executive members of the SABC Board, Matojane J (as he then was) described the critical role of the SABC as follows:<sup>5</sup>

The ability of the SABC to reach a vast number of people renders it a powerful tool that potentially could impact on the quality of democracy if it is not independent and pluralistic because the majority of South Africans receive their news and information primarily through the SABC's radio and television broadcasts. According to its annual report, the SABC has an average of 38.29 million adult listeners weekly, across its 18 radio stations. It has 19.925 million adult weekly viewers across its three free-to-air television stations and subscription news channel.

The SABC has a unique role and responsibility to play as the public service broadcaster. The high rates of illiteracy in the country, the limited distribution and cost of newspapers and the cost of subscription television makes the SABC be the primary source of information for the majority of South Africans.

...

The SABC as a public service broadcaster must promote alternative views to encourage debate that is vital to the functioning of democracy. A healthy democracy requires that the public be able to discuss, share and receive information relating to political, social and cultural matters affecting their lives. The public broadcaster plays a crucial role in strengthening democracy and democratic governance by ensuring that the general public, in particular, those with neither political nor economic influence or power, have access to a broad spectrum of views on issues of public concern.

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<sup>5</sup> *SOS v SABC*, paras 39-42.

29. It goes without saying that the proper discharge of the SABC's crucial democratic mandate requires good governance. This responsibility rests with the Board.

### ***The Board***

30. The Act requires the SABC to be governed by an independent Board, composed of twelve non-executive members and three executive members – the Group Chief Executive Officer (“GCEO”), the Chief Operating Officer (“COO”) and the Chief Financial Officer (“CFO”).<sup>6</sup>
31. The twelve non-executive Board members are appointed by the President on the advice of the National Assembly,<sup>7</sup> while the GCEO, COO and CFO are appointed “solely by the non-executive members of the Board and without any requirement of approval by the Minister”.<sup>8</sup>
32. The non-executive members must be appointed in a manner ensuring: (a) public participation; (b) transparency and openness; and (c) publication of a shortlist of candidates, taking into account the objects and principles of the Act.<sup>9</sup> Similarly, the GCEO, COO and CFO must be appointed through “a process which ensures transparency and openness, including publicly advertising the position in, among other things, the Government Gazette, and conducting interviews of suitable candidates, taking into account objects and principles of the Broadcasting Act”.<sup>10</sup>
33. Importantly, section 13(4) of the Act requires as follows:

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<sup>6</sup> Section 12 of the Act.

<sup>7</sup> Section 13(1) of the Act.

<sup>8</sup> *SOS v SABC*, para 146.3.

<sup>9</sup> Section 13(2) of the Act.

<sup>10</sup> *SOS v SABC*, para 146.4.

The members of the Board must, when viewed collectively—

- (a) be persons who are suited to serve on the Board by virtue of their qualifications, expertise and experience in the fields of broadcasting policy and technology, broadcasting regulation, media law, business practice and finance, marketing, journalism, entertainment and education, social and labour issues;
- (b) be persons who are committed to fairness, freedom of expression, the right of the public to be informed, and openness and accountability on the part of those holding public office;
- (c) represent a broad cross-section of the population of the Republic;
- (d) be persons who are committed to the objects and principles as enunciated in the Charter of the Corporation.

34. The statutory responsibilities of the Board include the following:

34.1. appoint the GCEO, COO and CFO;<sup>11</sup>

34.2. assign functions to the SABC executive committee;<sup>12</sup>

34.3. serve as the accounting authority of the SABC,<sup>13</sup> and ensure that the SABC complies with the Public Finance Management Act, 1999 ("PFMA");<sup>14</sup>

34.4. keep proper and accurate books and records of the financial affairs of the SABC's separate public service and commercial service divisions; procure audited financial statements; and submit to the Minister, within four months of the end of the financial year, the financial statements, the auditors' report and an annual report on the activities of each division;<sup>15</sup>

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<sup>11</sup> *SOS v SABC*, para 146.3.

<sup>12</sup> Section 14(3) of the Act.

<sup>13</sup> Section 13(13) of the Act.

<sup>14</sup> Sections 24(4) and 28(3) of the Act.

<sup>15</sup> Sections 10(4) and 11(3) of the Act

- 34.5. advise the Minister on the extent to which the commercial services division should subsidise the public services division.<sup>16</sup>
35. More responsibilities are outlined in the SABC Shareholder Compact, concluded in 2011 between the Government of the Republic of South Africa (represented by the Minister) and the SABC, a copy of which is attached marked "**MMA1**" ("**the Compact**"). This is the latest version available in the public domain.
36. In terms of the Compact, the Board is responsible, among other things, for:
- 36.1. leading, monitoring and controlling the activities of the SABC;
  - 36.2. ensuring that the SABC fulfils its mandate and adheres to the Charter;
  - 36.3. determining the appropriate organisational structure for the SABC;
  - 36.4. ensuring adherence to sound corporate governance policies and practices, in particular, the prescripts of King III;
  - 36.5. ensuring that the SABC remains a going concern.<sup>17</sup>
37. In terms of the Compact, the Board also makes a range of onerous undertakings, relating to performance management, accountability, and financial sustainability, among other concerns.<sup>18</sup>
38. Further detail is found in the SABC's Memorandum of Incorporation, as amended up to June 2021, a copy of which is attached marked "**MMA2**" ("**Mol**"). The Board

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<sup>16</sup> Section 11(1)(d) of the Act.

<sup>17</sup> Clause 3.4.4 of the Compact.

<sup>18</sup> Clauses 4.1 to 4.18 of the Compact.

is made responsible for ensuring “at all times” that “any exercise of management powers is not inconsistent with any applicable statutes or this Mol”.<sup>19</sup>

39. Among other things, the Mol requires the Board to:

39.1. direct the SABC as to strategy and structure;

39.2. ensure that the executive committee implements the approved strategy;

39.3. ensure that the SABC has adequate systems of operational, financial and ethical internal controls;

39.4. approve and monitor the activities of the GCEO, the CFO and the COO;

39.5. ensure that the Corporation operates ethically.<sup>20</sup>

40. This framework of governance prescripts imposes an extraordinary responsibility on the Board to ensure that the SABC functions sustainably, effectively, ethically, and faithfully to its democratic design.

41. I further refer the Court to the supporting affidavit of Michael Grant Markovitz, a member of the last Board of the SABC, who attests from an insider’s perspective to the critical importance of the SABC having a Board.

### ***The need for a new Board***

42. 15 October 2022 (132 days ago) was the end of the term of office of all the last non-executive members of the SABC Board (including Mr Markovitz).

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<sup>19</sup> Clause 10.1.3 of the Mol.

<sup>20</sup> Clause 10.2 of the Mol.

43. In anticipation of this, on 13 June 2022, the Minister issued correspondence to the Portfolio Committee on Communications and Digital Technologies, informing the National Assembly about the impending expiry of the Board members' terms, and requesting the National Assembly to initiate the process to appoint new non-executive Board members in terms of section 13 of the Act. The Portfolio Committee shortly advertised for nominations, the closing date for which was 6 August 2022.
44. The Portfolio Committee established a seven-member multiparty subcommittee to oversee the process of appointing the SABC Board and to report back to it. In September 2022, the subcommittee shortlisted and interviewed candidates.
45. On 24 November 2022, the subcommittee finalised its deliberations after the security vetting of candidates had been completed and recommended twelve candidates to be appointed to the Board. Strangely, the subcommittee also "made a decision to select three additional names which will serve as a reserve pool to cater for any eventuality given the period it has taken to complete the process", as quoted in the Portfolio Committee's report, a copy of which is attached marked "**MMA3**". The Portfolio Committee approved the subcommittee's recommendations on the same day.
46. On 6 December 2022, the National Assembly adopted the Portfolio Committee's report and its selection of the twelve persons to be appointed to the Board, as well as the selection of the three "reserves". A copy of Parliament's press release is attached as "**MMA4**".



47. The President reportedly received notification from the Speaker of the outcome of the National Assembly process only on 20 December 2022 and received the CVs of the selected persons only on 10 January 2023.

***The delay***

48. On 27 January 2023, deeply concerned that the SABC had been without a Board for over 100 days, MMA's attorneys sent the President a letter, explaining the urgent need for the SABC to have a Board, and requesting the President to make the appointments timeously, by 3 February 2023, or to provide written reasons for the decision not to appoint. A copy of this letter is attached marked "**MMA5**".
49. In this letter, MMA had noted media reports that the President was awaiting a legal opinion on the suitability of certain of the twelve candidates selected by the National Assembly. MMA proposed that this should not be a bar to the President appointing the other candidates whose suitability was not in question and thus at least allowing the Board to function without further delay. To the extent that this may be misconstrued as a concession that the President has the discretion to refuse to appoint one or more of the persons selected by the National Assembly, we submit that it is not. In any event, upon further reflection and legal advice, it became apparent that no such discretion exists. Accordingly, the relief that MMA seeks is simply that the President appoint all twelve candidates selected by the National Assembly, diligently and without delay.
50. On 3 February 2023, the Office of the Presidency sent MMA's attorneys a reply, a copy of which is attached marked "**MMA6**". The salient part reads as follows (with emphasis added):

The President is committed to the expedient appointment of a board for the SABC. To this end he has sought legal advice on matters of concern to him, which include the issues raised by Mr Magwenya as you have noted, but are not limited thereto.

The President is applying his mind to the legal advice received and will take steps to act on this advice within the next week.

We ask that you allow him this additional time to finalise the work he is doing to ensure that this institution which is so critical to our democracy to have leadership that has been legally chosen and appointed.

51. On 6 February 2023, MMA's attorneys sent a response to the President, a copy of which is attached marked "**MMA7**", noting the timeframes and undertaking by the President.
52. By 15 February 2023 (twelve days since the President's undertaking, and four months since the SABC last had a Board), no appointments had been made and no reasons had been given. Accordingly, MMA's attorneys sent a further letter to the President, a copy of which is attached marked "**MMA8**", reiterating its grave concerns about the President's failure to appoint or to provide adequate reasons.
53. MMA also raised a concern that the Minister had announced to the media, after the State of the Nation Address on 9 February 2023, that "in terms of the law, the GCEO of the SABC has been designated by the Minister of DCDT with the concurrence of the Minister of Finance as the Board of the SABC." MMA recorded that this "designation", coupled with the President's sustained delay in appointing Board members to the SABC, seriously undermines and jeopardises the proper functioning and administration of the SABC.
54. MMA requested the President to act by 17 February 2023, failing which MMA would approach the courts urgently for appropriate relief.

55. No substantive response was received from the President until after a letter from MMA's attorneys to all the respondents on 23 February 2023, a copy of which is attached marked "MMA9", in which MMA stated that this application had become unavoidable, indicated the truncated timetable for the exchange of documents, and requested email addresses for service of the application.
56. Only thereafter – at around 23h00 the next day, 24 February 2023 – the Office of the President finally sent a reply, a copy of which is attached marked "MMA10", stating as follows:

Please accept our apology for not responding to your letter of 15 February 2023.

As indicated in our earlier correspondence, the delay in the appointment was occasioned by the fact that the President has concerns about the National Assembly process.

While appreciating the urgency of the matter, the Presidency is also constitutionally obliged to ensure the legality of the process before the appointment. Unfortunately, this has taken longer than initially thought.

The Presidency however assures you that the appointment will be made without further delay once the concerns have been clarified.

In the light of the above, we submit that it is therefore unnecessary to litigate at this stage.

57. Unfortunately, this letter does not make it "unnecessary to litigate at this stage". Quite the contrary, for the following reasons:

57.1. First, the President is clearly still under the misapprehension that he has the discretion to reject appointees selected by the National Assembly. For the reasons set out in our letter, and amplified below, this is legally wrong. The President has not committed to respecting the National Assembly's choice – rather the opposite – and this is unconstitutional.

57.2. Second, the President has still not given any indication at all of how much longer he will take to make his “decision”. He could have undertaken to do so before the SABC’s financial year-end, 31 March 2023, but he has not. The President is apparently incapable of giving even the vaguest estimate of how much longer he will take, whether 10 days or 100 days. This leaves MMA in an invidious position.

58. MMA is thus, regrettably, compelled to continue with this litigation in order to save the SABC from indefinite dysfunction. The public interest and MMA’s mandate demand that we proceed.

## **THE PRESIDENT’S FAILURE TO FULFIL HIS CONSTITUTIONAL OBLIGATION**

### ***Source of the obligation***

59. Section 84(2)(e) of the Constitution provides that: “The President is responsible for ... making any appointments that the Constitution or legislation requires the President to make, other than as head of the national executive”.

60. One such appointment that “legislation requires the President to make” is located in section 13(1) of the Act (with emphasis added):

The twelve non-executive members of the Board must be appointed by the President on the advice of the National Assembly.

61. The plain and purposive interpretation of this provision is that the President has no discretion or veto over the appointment of the twelve members chosen by the National Assembly. He is bound by the National Assembly’s choices.

***Plain interpretation***

62. MMA is advised and will amplify in legal argument, that “on the advice of” means, in constitutional law, that the functionary is absolutely bound by the advice. This is further confirmed by the presence of the peremptory term “must”.

63. By analogy, section 174(6) of the Constitution provides (with emphasis added):

The President must appoint the judges of all other courts on the advice of the Judicial Service Commission.

64. It is accepted that the President has no discretion or veto over the appointment of the judges selected by the Judicial Service Commission (except Constitutional Court judges in terms of section 174(4) of the Constitution, and the leaders of the Constitutional Court and Supreme Court of Appeal in terms of section 174()).

65. By contrast, section 177(3) of the Constitution states:

The President, on the advice of the Judicial Service Commission, may suspend a judge who is the subject of [an impeachment] procedure...

66. Here, the inclusion of “may” gives the President a discretion. He cannot suspend a judge without advice to that effect from the Judicial Service Commission, but he can choose to reject that advice.

67. Section 13(1) of the Act uses the language of section 174(6) of the Constitution – “must ... on the advice of” – and should be interpreted in the same way. If the statute intended to give the President a veto, it would say so unambiguously.

68. Consequently, on a plain interpretation of section 13(1) of the Act, the President has no discretion in the appointment of the SABC Board members.

***Purposive interpretation***

69. Even if the plain meaning of section 13(1) were ambiguous (which it is not), the purpose of section 13(1), in context, demands that the President be bound by the National Assembly's selection.

70. The design of the SABC is that it is independent from the executive government. This is informed by the history of the SABC as a disinformation and propaganda tool of the National Party executive under apartheid. The Act aimed to give the SABC a democratic rebirth and mark a decisive break from the repressive past.

71. The cardinal importance of independence is expressed in section 10(1)(d) of the Act (with emphasis added):

The public service provided by the Corporation must... 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;

72. Section 1(2) of the Act – the interpretation clause – states as follows (emphasis added):

Any interpretation of the provisions of this Act must be construed and applied in a manner which is consistent with freedom of expression and the journalistic, creative and programming independence of the broadcasters guaranteed by the Constitution.

73. We submit that the SABC is, not only under the Act, but under the Constitution itself, required to be meaningfully independent from the executive government, in order for the State to discharge its duty, under section 7(2) of the Constitution, to respect, protect, promote and fulfil the rights in the Bill of Rights. In particular, two rights are implicated:

- 73.1. the right to freedom of expression (section 16 of the Constitution) includes the right to freedom of the press (including freedom from political influence), and the right of the public to receive and impart information and ideas;
- 73.2. the right to vote and make political choices (section 19 of the Constitution) would be undermined by government influence over the public broadcaster (on which the vast majority of South Africans rely for their political reportage and comment, as it exacerbates the risk of the flow of political information and ideas being skewed in favour of the ruling government, as it was during apartheid.
74. This is the reason why the National Assembly – a representative, multiparty and participatory body – is entrusted with the responsibility of holding a transparent, open and participatory nomination and shortlisting process for the non-executive Board members (section 13(2) of the Act).
75. Giving the President a veto over the selection by the National Assembly would critically undercut this bulwark against executive control over the appointment of the non-executive members of the SABC's oversight body.
76. Consequently, the purposive interpretation of section 13(1) of the Act is also that the President has no discretion to refuse to appoint any of the persons selected by the National Assembly.
77. In assuming that he has such discretion or veto over the selection, the President is arrogating to himself a power which the Constitution and the Act do not confer on him. To the extent that the National Assembly has purported to abdicate this power to the President, for example by providing him with a "reserve" list of three

potential appointees, this is clearly not authorised by the Act and must be ignored by the President. The National Assembly has given the President a list of twelve appointees, and he must simply appoint them.

78. If the President has reservations about the legality or rationality of the process or outcome of the National Assembly's selection, then his remedy is to approach a court to have it set aside. Unless and until he successfully does so, it is binding on him and he cannot resort to unconstitutional self-help.
79. I pause to mention that the President's arrogation and Parliament's abdication of power are astonishing, considering that both were respondents in **SOS v SABC**, where Matojane J (as he then was) clearly held as follows in 2017:<sup>21</sup>

The President's power to appoint the non-executive members of the SABC [Board] is a purely formal power as the National Assembly is the appointing authority who interviews and selects candidates before forwarding their names to the President for their formal appointment. The President has no discretion but to appoint the candidates recommended by the National Assembly as it is the only authority that is empowered to interview and select candidates. The same principle applies to the appointment of judges of the High Court.

80. The President and the Minister elected not to appeal against this judgment.
81. While the above holding is not binding on this Court, I submit it is clearly correct, but more to the point, the President, the Minister and the Speaker were all aware of it, as they were respondents in the matter and all no doubt had their legal staff study the judgment closely before they elected not to appeal.

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<sup>21</sup> *SOS v SABC*, para 76.



***Constitutional obligations must be performed diligently and without delay***

82. Section 237 of the Constitution states clearly: "All constitutional obligations must be performed diligently and without delay."
83. By the time the President received the list of candidates chosen by the National Assembly (20 December 2022), the SABC had been without a Board for 66 days. The appointment was already urgent then.
84. It has now been a further 66 days since the President received the list.
85. Given that the President has no discretion to refuse to appoint any candidate that has been chosen by the National Assembly, this delay is unfathomable.
86. If the President is permitted to keep his pen hovering as long as he likes, this will give him, through the back door, the veto power that the Constitution and the Act deny him.
87. Even if the President enjoyed a veto power (which he does not), it would still be inconceivable to allow him to take over two months to make a decision, more so in circumstances where the SABC has been operating without a Board for close to half a financial year.
88. Reading section 237 with section 84(2)(e) of the Constitution, the President must make any appointments that he is required to make by legislation (in this case, the Act) "diligently and without delay".
89. In *Khumalo v MEC*,<sup>22</sup> this Court held as follows:

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<sup>22</sup> *Khumalo and Another v Member of the Executive Council for Education: KwaZulu Natal* [2013] ZACC 49; 2014 (3) BCLR 333 (CC); (2014) 35 ILJ 613 (CC); 2014 (5) SA 579 (CC), para 46.

Section 237 acknowledges the significance of timeous compliance with constitutional prescripts. It elevates expeditious and diligent compliance with constitutional duties to an obligation in itself. The principle is thus a requirement of legality.

90. The President's indolence is thus, also, a violation of the principle of legality, one of the pillars of the rule of law, a founding value entrenched in section 1(c) of the Constitution.
91. The Constitution and the Act commanded the President to appoint the selected non-executive members of the SABC Board within one or two days from receipt of the list on 20 December 2023. He is defying that command with contempt.
92. Accordingly, the President has failed to fulfil his constitutional obligation to make appointments required by legislation, under section 84(2)(e) of the Constitution.

#### **EXCLUSIVE JURISDICTION**

93. MMA submits that this matter falls under the exclusive jurisdiction of this Court in terms of section 167(4)(e) of the Constitution:

Only the Constitutional Court may... decide that ... the President has failed to fulfil a constitutional obligation.

94. The obligation concerned is, under section 84(2)(e) of the Constitution, to make "any appointments that ... legislation requires the President to make, other than as head of the national executive".
95. The President has failed to fulfil this obligation in respect of the non-executive members of the SABC Board. That he has failed to fulfil it "diligently and without

delay” (as required by section 237 of the Constitution) means that he has failed to fulfil it for the purposes of section 167(4)(e) of the Constitution.

96. In *Von Abo*,<sup>23</sup> this Court held as follows (with emphasis added):

[S]ection 167(4)(e) ... should be construed restrictively in order to give full recognition to the power of the Supreme Court of Appeal and the High Court to determine whether conduct of the President is constitutionally valid. On the other hand, the Constitution does contemplate that certain duties are pointedly reserved for the President. This class of obligations is derived from the Constitution itself or from legislation. It includes specified duties that the President as Head of State and head of the national executive must fulfil.

It however remains a complex question whether a specific power exercised by the President under the Constitution or other law amounts to a “constitutional obligation” which only this Court may decide. It is neither prudent nor pressing to describe what amounts to a constitutional obligation under section 167(4)(e) any more so than I have done. Even so, ready examples of constitutional obligations specifically entrusted to the President may be found in section 84(2) of the Constitution. Many of the powers and obligations in section 84(2) vest in the President as Head of State and head of the national executive. These duties may correctly be described as functions the Constitution requires him or her to perform.

97. Shortly after, in Women’s *Legal Centre*,<sup>24</sup> this Court elaborated as follows:

Section 167(4)(e) itself contains a significant pointer: its agent-specific focus. The provision mentions “Parliament” and “the President”, and them alone. This Court has recently observed that the constitutional duties in the provision are “pointedly reserved” for the actors in question. The wording suggests that the exclusive jurisdiction relates to obligations resting on these agents only, in contradistinction to constitutional duties they may bear together with other agents.

98. This application deals with an agent-specific obligation imposed on the President under section 84(2)(e) of the Constitution – to make appointments that legislation

<sup>23</sup> *Von Abo v President of the Republic of South Africa* [2009] ZACC 15; 2009 (10) BCLR 1052 (CC); 2009 (5) SA 345 (CC), paras 35-36.

<sup>24</sup> *Women's Legal Centre Trust v President of the Republic of South Africa and Others* [2009] ZACC 20; 2009 (6) SA 94 (CC), para 16.

requires him to make. That provision contemplates that it is within Parliament's authority to decide that certain high offices are so constitutionally significant that their holders require the imprimatur of political legitimacy that is signified by being appointed by the President – even if the President is afforded no say in whether the appointee should hold that office.

99. The obligation to appoint the non-executive SABC Board members is “pointedly reserved” for the President and nobody else.
100. Consequently, this Court has exclusive jurisdiction to decide, as this application, contends, that the President has failed to fulfil his sole and specific constitutional obligation to appoint the non-executive SABC Board members on the advice of the National Assembly.

#### **ALTERNATIVELY, DIRECT ACCESS**

101. If this Court finds that it does not have exclusive jurisdiction to hear this matter, MMA seeks leave to bring this application directly to this Court in terms of section 167(6)(a) of the Constitution read with Rule 18.
102. These provisions allow a litigant to approach this Court directly, but only with the leave of the Court and only when it is in the interests of justice, a question which is decided on a case-by-case basis.
103. In *Zondi*, this Court held that, in assessing the facts of each case, the following will be considered:<sup>25</sup>

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<sup>25</sup> *Zondi v MEC for Traditional and Local Government Affairs* [2004] ZACC 19; 2005 (3) SA 589 (CC); 2005 (4) BCLR 347 (CC), para 12.

The importance of the constitutional issue raised and the desirability of obtaining an urgent ruling of this Court on that issue, whether any dispute of fact may arise in the case, the possibility of obtaining relief in another court, and time and costs that may be saved by coming directly to this Court.

104. The present application raises a profoundly important constitutional issue, for the reasons canvassed above. It implicates the independence and governance of a critical public institution serving constitutional aims, including the fulfilment of the rights to equality and freedom of expression.
105. The application is about compelling the President to fulfil his constitutional and statutory obligations by appointing a Board for South Africa's public broadcaster, to ultimately ensure the protection, promotion and fulfilment of the public's equal right to freedom of expression, including the right to freely receive and impart information or ideas.
106. The application raises a crisp and clear question of constitutional and statutory interpretation: does the President have a veto or not?
107. This Court is well placed to answer this question, even without the benefit of the views of lower courts. The respondents are well-resourced litigants who will no doubt place all relevant authorities before this Court and ensure that the question is fully ventilated and interrogated. Any benefit that might be gleaned from having the matter ventilated in one or more lower courts is outweighed by the delay and cost that would be incurred.
108. To the extent that this Court might benefit from the views of a lower court, there is the judgment of Matojane J (as he then was) in **SOS v SABC**, where he held unambiguously that, when appointing the SABC Board members, the President

is bound by the advice of the National Assembly and has no discretion.<sup>26</sup> All four of the present respondents were parties to that case and elected not to take the judgment on appeal.

109. There are no disputes of fact.

110. The circumstances are exceptional. It is thankfully not common for the President to arrogate (and Parliament to abdicate) the power to appoint the holder of an independent public office. The closest comparator that comes to mind is ***Justice Alliance***, where twelve years ago this Court unhesitatingly granted direct access to non-profit organisations challenging the former President's exercise of a power – granted impermissibly to him by Parliament – to extend the term of office of the then Chief Justice.<sup>27</sup>

111. Granting direct access will thus not open any floodgates for litigation against the President.

112. Moreover, the matter is manifestly urgent, for the reasons I turn to next.

113. It is accordingly in the interests of justice to grant direct access if the Court does not have exclusive jurisdiction.

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<sup>26</sup> *SOS v SABC*, para 76.

<sup>27</sup> *Justice Alliance of South Africa v President of Republic of South Africa and Others, Freedom Under Law v President of Republic of South Africa and Others, Centre for Applied Legal Studies and Another v President of Republic of South Africa and Others* [2011] ZACC 23; 2011 (5) SA 388 (CC); 2011 (10) BCLR 1017 (CC).

**URGENCY**

114. The urgent need for the President to appoint a Board is stark. As set out in more detail in the supporting affidavit deposed to by Michael Markovitz, the continued absence of a Board has grave consequences for the SABC and the public who rely on it. One such consequence is the SABC's declining going concern status. Without a Board, which is tasked with vital financial, policy and strategic duties, the SABC could slide perilously close to insolvency. Should the SABC become insolvent, South Africa will no longer have a public broadcaster, and the public's equal right to receive and impart information and ideas will be severely violated.
115. Furthermore, certain decisions cannot be taken without a Board. Section 52 of the PFMA regulates the preparation of annual budgets and corporate plans by Schedule 2 public entities, including the SABC. The section provides that the accounting authority is required to submit a corporate plan before the start of the financial year, i.e. by 1 April 2023. The SABC's accounting authority has been defined in the Act, the Compact and the Mol as the Board. Thus, the SABC's corporate plan cannot be submitted by the required deadline without a Board, and a failure by the SABC to submit the corporate plan would constitute non-compliance with the PFMA.
116. I have referred above to the Minister's nonchalant announcement that the GCEO was "designated" as the SABC's accounting authority effective from 15 February 2023. To the extent that it may be argued that this "designation" of the GCEO alleviates the urgent need to appoint a Board, MMA submits that the opposite is true. Aside from being in conflict with the Act, the Compact and the Mol – and

thus unlawful – the Minister’s stopgap solution places a flimsy plaster across a gaping wound.

117. A single GCEO is no substitute for a full Board of people who have been selected “by virtue of their [collective] qualifications, expertise and experience in the fields of broadcasting policy and technology, broadcasting regulation, media law, business practice and finance, marketing, journalism, entertainment and education, social and labour issues”.<sup>28</sup> A single GCEO also cannot “represent a broad cross-section of the population of the Republic”.<sup>29</sup>

118. It is, moreover, simply impossible for a single person to discharge the numerous and onerous obligations imposed on the Board by the Act, the Compact and the Mol (as outlined above).

119. What is more, the GCEO is supposed to be accountable to the Board. To whom now must he account? To himself? This is anathema to good governance. The SABC is operating with no financial, functional or ethical oversight. Without the SABC, governed as it was designed to be, the majority of South Africa’s public will have their right to receive and impart information and ideas eroded, and the information gap will grow, between those who have access to paid broadcasting services and those who do not.

120. This is intolerable and dangerous for democracy. It must urgently be remedied.

121. Consequently, MMA submits that this application requires urgent consideration by this Court.

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<sup>28</sup> Section 13(4)(a) of the Act.

<sup>29</sup> Section 13(4)(c) of the Act.



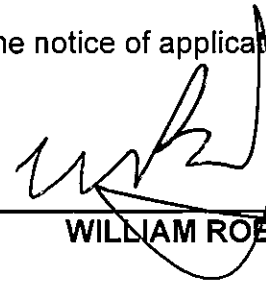
**APPROPRIATE RELIEF**

122. The relief sought is simple.

123. The appropriate relief is, first, to declare that the President has failed to fulfil his constitutional obligation to appoint the twelve non-executive members of the SABC Board on the advice of the National Assembly, diligently and without delay, and second, to direct him to fulfil this obligation without any further delay.

124. If the President has no discretion to reject the advice of the National Assembly, as MMA contends, then there is no need for him to be afforded any more time. He must make the appointment immediately.

125. MMA accordingly prays for an order in terms of the notice of application.



WILLIAM ROBERT BIRD

I hereby certify that the deponent stated that he knows and understands the contents of this affidavit and that it is to the best of his knowledge both true and correct. This affidavit was signed and sworn to before me at Rosebank on this the 24<sup>th</sup> day of February 2023. The Regulations contained in Government Notice R.1258 of 21 July 1972, as amended, have been complied with.



COMMISSIONER OF OATHS

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SHAREHOLDER COMPACT

For the year ending 31 March 2012

Between

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

Herein represented by the Minister of Communications

And

THE SOUTH AFRICAN BROADCASTING CORPORATION (LTD)

Herein represented by the Chairperson of the Board of Directors

*(Note: This agreement has been drafted on the basis that the SABC has a Corporate Plan as required by section 52 of the Public Finance Management Act, 1999 ("PFMA") as amended. It has also been drafted on the basis that the SABC obtained a Government Guarantee from the Ministry of Finance.)*

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Table 12: Pillar 6, Financial Health Quarterly Review .....12

Table 13: Pillar 7, Stakeholder Management Medium Term Targets ..... Error! Bookmark not defined.

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- 1.1 This Shareholder Compact (hereafter referred to as the "Agreement"), is aimed at improving corporate governance in South Africa and is necessitated by Government's stated focus on improving Corporate Governance in the public sector. This Agreement is based on the Public Finance Management Act (PFMA), the Treasury Regulations published in terms of the PFMA, the Broadcasting Act, No.4 of 1999 (the "Act") as amended, the Protocol on Corporate Governance in the Public Sector and the Companies Act, No. 71 of 2008 ("the Companies Act").
- 1.2 The SABC commits itself to meeting the strategic, restructuring and business objectives set out in its Corporate Plan as well as complying with relevant legislation and policies. It furthermore agrees to meet the conditions of the five-year Government Guarantee that has been issued to the SABC by the Minister of Communications and concurred to by the Minister of Finance. The Government Guarantee sought to assist the SABC to secure the funding required to maintain the SABC as a going concern.
- 1.3 The SABC Board has, for the duration of the Government Guarantee, a duty to ensure on behalf of the Shareholder that:
- 1.3.1.1 The SABC does not act in a manner that would cause the Government Guarantee to be called upon; and
  - 1.3.1.2 The strategy set out in the Corporate Plan is implemented
- 1.4 This Agreement relates to the prevailing Corporate Plan of the SABC as required in terms of Section 52 of the PFMA and approved by the Shareholder. The SABC's strategic objectives and operating environment are dealt with in its Corporate Plan.
- 1.5 This Agreement is based on mutual respect and understanding between the Shareholder and the SABC and is aimed at achieving an appropriate balance between the freedom to manage the SABC, transparency in the management of the SABC and accountability to the Shareholder

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1.6 This Agreement shall be effective from 1 April 2011 till March 2012. Thereafter, the Agreement shall be reviewed and amended where applicable, in accordance with the Treasury Regulations.

1.7 Notwithstanding the provisions of 1.6 above, the parties acknowledge that certain unforeseen circumstances beyond the control of the parties may delay the review and replacement of this Agreement beyond the termination date.

1.8 In the instance of any unforeseen circumstances causing a delay in the conclusion of a Shareholder Compact for the ending financial year, the provisions of this Agreement shall remain in full force and effect.

1.9 In a mutual effort to enhance business performance and good corporate governance within the SABC, the parties to this Agreement hereby agree to the terms and conditions set out below.

## 2. DEFINITIONS AND INTERPRETATION

The headings of the clauses of this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of, nor modify nor amend the terms of this Agreement nor any clause hereof, unless a contrary intention clearly appears.

### 2.1 Words importing:

- 2.1 any one gender includes the other gender;
- 2.2 singular includes the plural and vice versa; and
- 2.3 natural persons include created entities (corporate or incorporated) and the State and vice versa;

2.2 The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:



2.2.1. "Accounting Authority" means the Board of Directors of the SABC;

2.2.2. "Act" means the Broadcasting Act, 1999 (Act No 4 of 1999), as amended;

2.2.3. "Agreement" means this Shareholder Compact including the schedules and annexures thereto;

2.2.4. "Board of Directors" means the Board of Directors of the SABC, appointed in terms of the Act;

2.2.5. "Companies Act" means the Companies Act, No. 71 of 2008

2.2.6. "Corporate Plan" means the Corporate Plan for the SABC, as required in terms of section 52 of the PFMA;

2.2.7. "Group Executive Committee" means the Executive Committee of the SABC, appointed by the Board of Directors of the SABC and with the same meaning as that contained in the Broadcasting Act (No 4 of 1999);

2.2.8. "NFA" means National Framework Agreement concluded by and between the Government of the Republic of South Africa and organised labour;

2.2.9. "Parties" means the SABC and Government of the Republic of South Africa;

2.2.10. "PFMA" means the Public Finance Management Act No. 1 of 1999, as amended;

2.2.11. "Protocol" means the Protocol on Corporate Governance in the Public Sector as amended from time to time;

2.2.12. "SABC" means the South African Broadcasting Corporation SOC Ltd, a state-owned company with limited liability, incorporated in terms of the company laws of South Africa, under registration number 2003/023915/06 and constituted in terms of the Broadcasting Act, 1999 (Act No. 4 of 1999);

2.2.13. "Shareholder" means the Government of the Republic of South Africa represented by the Minister of Communications;

2.2.14. "Treasury Regulations" means the regulations promulgated in terms of the PFMA;

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2.3 Any reference to an enactment is to that enactment as at the date of signature hereof and if amended or re-enacted from time to time;

W B KK



2.4 If any provision in any definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the Agreement.

2.5 When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.

2.6 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

2.7 Expressions defined in this agreement shall bear the same meanings in schedules or annexures to this Agreement which do not themselves contain their own conflicting definitions.

2.8 While any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question and that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that the term has not been defined in this interpretation clause.

3. PRIMARY RELATIONSHIP BETWEEN THE PARTIES

3.1 This Agreement establishes the relationship between the Shareholder as the Executive Authority of the Corporation and the Board of Directors of the SABC as the Accounting Authority of the SABC.

3.2 This agreement is determined with due consideration of the requirements of Section 6(3) of the Broadcasting Act which states that the SABC, "in pursuit of its objectives and in the exercise of its powers, enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the

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Constitution" in the event of a conflict in the construction of any clause contained in this Agreement with the provision of Section 6(3) of the Act, the latter shall prevail.

3.3 The Shareholder

3.3.1 The Shareholder is accountable to parliament for the exercise of his powers and the performance of his functions.

3.3.2 The Shareholder's responsibilities include oversight of the performance of the Board of Directors.

3.3.3 The Minister of Communications and the Director-General of Communications shall be the point of contact in dealing with SABC unless otherwise delegated.

3.4 The Board of Directors

3.4.1 The Board of Directors controls the affairs of the SABC and is accountable to parliament for compliance by the SABC with the Broadcasting Act and to the Shareholder as the Executive Authority in terms of the PFMA, the Companies Act, and the Protocol on the Corporate Governance in the Public Sector, related policies and/or legislation as well as the Constitution.

3.4.2 The fiduciary duties of the Board of Directors are determined by the provisions of the PFMA and the Companies Act.

3.4.3 The Chairperson of the Board of Directors and the Group Chief Executive Officer shall be the SABC's points of contact in its dealings with the Shareholder unless otherwise delegated.

3.4.4 Without limiting the provisions of the Act, the PFMA and the Companies Act, the principal functions of the Board of Directors shall include the following:

3.4.4.1 leading, monitoring and controlling the activities of SABC.

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3.4.4.2 ensuring that the SABC fulfils its mandate and adheres to the Broadcasting Charter as stipulated within the Act.

3.4.4.4 appointing and overseeing a Group Executive Committee, accountable to the Board of Directors and responsible for implementation of the strategies and decisions adopted by the Board of Directors as well as the management of the day-to-day affairs of the SABC as delegated by the Board of Directors;

3.4.4.5 determining the appropriate organizational structure for the SABC to ensure effective, efficient, prudent and responsible implementation of its strategies;

3.4.4.6 ensuring sound and prudent financial and management policies and practices;

3.4.4.7 ensuring that sound corporate governance policies and practices are adhered to, in particular adhering to the precepts of King III on Corporate Governance and any other applicable legislation specific to the Public Sector;

3.4.4.8 ensuring compliance with the conditions of the five-year Government Guarantee; and

3.4.4.9 ensuring implementation of the Corporate Plan and ensuring that the SABC remains a going concern.

### 3.5 Facilitation of Primary Relationship

3.5.1 In order to facilitate communication and accountability between the Shareholder and the Board of Directors, the Shareholder and the Board of Directors shall conduct formal meetings at least quarterly. In this regard, the Parties to this Agreement, on reasonable written request by either the Shareholder or the Chairperson of the Board of Directors, the Parties shall use their best endeavours to meet at the time and venue proposed by the other.



## 4 UNDERTAKINGS BY THE BOARD OF DIRECTORS

4.1 The Board of Directors undertakes to commit itself to exercising strategic leadership, enterprise and integrity in directing the SABC to fulfil its mandate as outlined in the Broadcasting Charter and to ensure that the SABC is financially sustainable. It undertakes to ensure that it sets the tone at the top in respect of good corporate governance principles at the SABC such that it cascades to the rest of the organisation.

4.2 The Board of Directors undertakes that it shall ensure that the SABC is financially viable and properly managed, so as to protect and enhance the interests of the SABC in the fulfilment of its mandate.

4.3 The Board of Directors undertakes to use its best endeavours to respond to any request from the Shareholder for information or any circumstance requiring a decision, within 30 (thirty) days of receipt of such written request.

4.4 The Board of Directors shall ensure that members of the Board have sufficient information, knowledge and access to expertise to ensure that they are able to fulfil their fiduciary responsibilities to the SABC and shall furthermore ensure that Board members are inducted on appointment and trained in accordance with King III, as well as all relevant legislation pertaining to the SABC.

4.5 The Board of Directors undertakes on an annual basis to review and evaluate its performance as a collective, the performance of the Chairperson of the Board of Directors, the performance of the Deputy Chairperson of the Board of Directors, the performance of individual Directors, the performance of Committees of the Board of Directors and the performance of Chairpersons of Board Committees. Such evaluation shall include but not be limited to the performance of the individual office bearers in terms of:

4.5.1 the overall annual performance of the SABC

4.5.2 implementation of the SABC's strategy as contained in the Corporate Plan

4.5.3 compliance with the conditions of the Government Guarantee;

4.5.4 upholding of the SABC's corporate governance policies; and

4.5.5 compliance with the provisions of this Agreement.

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4.6 The Board of Directors undertakes to establish an appropriate mechanism for reporting the results of the evaluation referred to in 4.5 to the Shareholder, which mechanism shall be known as an Evaluation Report.

4.6 The Board of Directors undertakes to ensure the development and implementation of appropriate and effective performance management policies and systems aligned to this Agreement and the Corporate Plan.

The Board of Directors undertakes to regularly review the performance of members of the Group Executive Committee which will be aligned to Corporate Plan and the delivery of the SABC's overall business objectives.

4.8 The Board of Directors undertakes in line with the PFMA, related Treasury Regulations and best practice, to comprehensively evaluate the core risks facing the SABC, including but not limited to:

- 4.8.1 uncertainties about current financial arrangements (whether committed or uncommitted);
- 4.8.2 potential changes in financing arrangements such as critical covenants and any need to increase borrowing levels;
- 4.8.3 counterparty risks arising from current credit arrangements with either customers or suppliers;
- 4.8.4 dependency on key suppliers and/or customers;
- 4.8.5 uncertainties posed by the potential impact of the economic outlook of business activities;
- 4.8.6 failure, delays or problems to achieve targeted share of advertising revenue;
- 4.8.7 inability to successfully implement brand positioning strategies;
- 4.8.8 inability to secure appropriate content;
- 4.8.9 inability to obtain license fee tariff increase;
- 4.8.10 inability to collect TV licence;
- 4.8.11 inability to collect increase sponsorship revenue;
- 4.8.12 failure to contain costs



- 4.8.13 delay in the reduction of employee costs and headcount
- 4.8.14 impairment of content and sports rights;
- 4.8.15 inability to reduce debtor days

4.9 The Board of Directors further undertakes to:

4.9.1 develop an effective and pro-active Risk Management Strategy as well as the mitigation of such risks which will be submitted to the Shareholder;

4.9.2 regularly and independently evaluate the effectiveness of the Risk Management Strategy; and

4.9.3 report to the Shareholder in its quarterly reports on the effective implementation of the Risk Management Strategy.

4.10 The Board of Directors undertakes in line with the PFMA, related Treasury Regulations and best practice, to develop and implement a Fraud Prevention Plan and to report to the Shareholder on implementation of such Plan.

4.11 The Board of Directors undertakes in line with the PFMA, related Treasury Regulations and best practice, to develop and submit to the Shareholder a Materiality and Significance Framework.

4.12 The Board of Directors undertakes to, at least on a quarterly basis, assess the assumption that the SABC is a going concern and to develop procedures and mechanisms to fulfill this responsibility so as to enable it to identify issues which it considers have the potential to provoke a need to re-examine the going concern assumption. The Board of Directors further undertakes to promptly notify the Shareholder and the Minister of Finance of any conclusions it reaches in this regard and/or of any events, activities or circumstances which might negatively affect this assumption.

4.13 The Board of Directors furthermore undertakes to formally require the Audit Committee of Board to, on an ongoing basis, assess the assumption that the Corporation is a going concern and to report on such to the Board. Any such reports from Audit Committee shall be furnished to the Shareholder and the

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Minister of Finance if they indicate that any events, activities or circumstance might negatively affect the assumption of the SABC as a going concern.

- 4.14 The Board of Directors in fulfilling its responsibilities outlined above undertakes to include in its quarterly reports to the Shareholder as well as in any other extraordinary reports relating to the SABC's status as a going concern, liquidity risk disclosures that may include but not be limited to:
- 4.14.1 any significant adverse variation in operating cash flows;
  - 4.14.2 any significant reduction in revenues or margins forecast and
  - 4.14.3 any failure to obtain renewal or extension of bank facilities that had been anticipated.

5. UNDERTAKINGS BY THE SHAREHOLDERS

- 5.1 The Shareholder shall use its best endeavours to respond to any request from the Board of Directors for information or to any situation that requires any decision within 30 (thirty) days of receipt of such written request.
- 5.2 The Shareholder undertakes for the duration of this Agreement:
- 5.2.1 Not to introduce new or additional requirements that will impose a significant financial burden on the SABC for the duration of this Contract other than through a process of consultation with the SABC;
  - 5.2.2 To give the Board of Directors sufficient notice of the proposed new or additional requirements to the Corporate Plan, or otherwise;
  - 5.2.3 The SABC shall, in the event of the introduction of any new or additional requirements in line with clauses 5.2.1 and 5.2.2 above, be entitled to renegotiate the key performance indicators and targets, failing which no new or additional requirements shall be introduced.

6. GOVERNANCE



- 6.1 The SABC acknowledges its obligations and responsibilities in terms of the Constitution, the Act, the PFMA, the Companies Act and other relevant legislation.
- 6.2 In an endeavour to adhere to good Corporate Governance practices, the SABC undertakes as follows:
- 6.2.1 To comply with the principles of the Protocol on Corporate Governance in the Public Sector (2002) and the King III Report on Corporate Governance for South Africa (2009) and any amendments hereto, to the extent applicable;
  - 6.2.2 To prepare, approve and submit to the Shareholder, a quarterly report on the SABC's compliance with the PFMA;
  - 6.2.3 To prepare, approve and submit to the Shareholder, the Terms of Reference of the Board and Board Committees, both of whose Terms of Reference shall be derived from the Board Charter;
  - 6.2.4 To prepare, approve and, review on an annual basis and submit to the Shareholder, delegations of authority;
  - 6.2.5 To timely submit a projection of revenue, expenditure and borrowings for the financial year as well as a Corporate Plan as required in terms of Section 52 of the PFMA, and not to implement any changes without prior approval of the Shareholder;
  - 6.2.6 To submit to the Shareholder, Annual Reports and Audited Annual Financial Statements and an Auditors report as required in terms of Section 55 of the PFMA;
  - 6.2.7 To prepare and submit to the Shareholder a Financial Procedures Misconduct report including a list of all disciplinary cases and their progress as required in terms of the Treasury Regulations;
  - 6.2.8 To prepare and submit to the Shareholder on a quarterly basis, a projection of revenue, expenditure and borrowings, as well as a report

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reflecting actual borrowings, as required in terms of the Treasury Regulations;

6.2.8 To keep a proper record of the signed minutes of its meetings, including Committee Meetings. Such Minutes shall include the names of the Directors present at each meeting, as well as the resolutions passed and decisions made at such meetings as provided in the SABC's Articles of Association. The minutes shall be made readily available to the Shareholder on reasonable written notice;

6.2.10 To comply with statutory obligations in relation to labour and also with the terms of the NFA on the Restructuring of State Assets, insofar as it is applicable to the activities of the SABC during any particular financial year;

6.2.11 To annually review all benefits applicable to management in particular, and to staff in general and to submit such reports to the Shareholder;

6.2.12 To annually review all policies and declarations governing the involvement of employees in private business activities and to submit such reports to the Shareholder;

6.2.13 To annually review all approved policies and systems relating to Corporate Governance and to report on the effective implementation and remedies to the Shareholder;

6.2.14 To annually review all Human Resources policies and the implementation thereof, and to submit reports of such reviews to the Shareholder;

6.2.15 To introduce participation by independent experts with the requisite skills and track record in the Audit, Risk and Finance Committees; and

6.2.16 To ensure that it concludes a new Shareholder Compact with the Shareholder on an annual basis.

6.3 The Board of Directors shall ensure that it considers, and where necessary implements, relevant recommendations arising from any reports of the Auditor General into allegations of financial mismanagement. Furthermore, the Board of Directors shall consider and where appropriate, implement recommendations arising from internal and external audit reports commissioned either by the SABC or any other stakeholder such as the Shareholder and/or Parliament.

6.4 The Board of Directors shall ensure that the following specific control measures as contemplated in Government Guarantee application are implemented, and shall report the status in this regard to the Shareholder on a monthly and quarterly basis:

6.4.1 reinforcing the role and responsibility of Internal Audit in the prevention of control breakdowns and strengthening of control systems;

6.4.2 ensuring implementation and monitoring of the requirement for all staff members to disclose and/or update their interests in any business activities outside of the SABC. This information shall be recorded in a centralized company register;

6.4.3 communicating to all relevant Divisional Heads and members of the Group Executive, the disciplinary process for employees involved in acts of misconduct and aligning the Key Performance Indicators of such executives and Divisional Heads to take cognizance of this requirement;

6.4.4 reviewing the SABC's procurement policies such that there is a clear role separation in the procurement process from initiation, through authorization of transactions, to the closure/finalization of requirements;

6.4.5 prioritising staff training relating to Procurement Policies;

6.4.6 appointment of the Bid Adjudication Committee by the Board;

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6.4.7 incorporating performance objectives into contracts entered into by the SABC which shall be used as a benchmark against which the deliverable of consultants shall be measured to determine the value-added therein and against which the deliverable of the concerned staff members will be measured to assist in determining the variable component of the executive remuneration system of the SABC;

6.4.8 developing and implementing a travel policy, stipulating how valid travel arrangements are to be initiate and the channels to which this function is limited, clearly defining areas of responsibility; and

6.4.9 reviewing access to benefits which includes accumulated leave, after hours transport and petrol card rights and limits, and communicating same to all affected parties

6.5 The Board of Directors acknowledges that fraudulent and reckless actions by Directors or employees of the SABC shall not be tolerated and pledges to take appropriate preventative and disciplinary action in such instances.

6.6 The SABC shall not render any direct financial support to any member of the Board of Directors, the Executive Committee or to any SABC employee, other than in terms of the prescribed and approved policies of the SABC.

In terms of the relevant provisions of the Broadcasting Act as amended, the Appointing Body may remove a member of the Board of Directors from office on account of misconduct or inability to perform his or her duties efficiently, in accordance with Section 15 or Section 15A of the Act or as may be determined by the National Assembly and the President of the Republic of South Africa as provided.

#### 7. CORPORATE GOALS AND KEY PERFORMANCE INDICATORS

7.1 The SABC's corporate goals for the current financial year are set out in its Corporate Plan



7.2 The parties acknowledge that the Corporate Plan and this Agreement have been prepared, and shall be entered into, on the basis of certain assumptions having been made as set out in the Corporate Plan.

7.3 The Board of Directors undertakes to submit its Corporate Plans on time and, in the event that the circumstances of the SABC change during any particular financial year such that the SABC may not meet any one of its Key Performance Indicators, then the Board of Directors shall promptly inform the Shareholder of such possibility with reasons for the deviation, together with a proposed corrective plan of action.

7.4 The Board of Directors undertakes to report to the Shareholder in accordance with the provisions of the PFMA regarding the achievement of policies and Key Performance Indicators or targets contained in the Corporate Plan.

7.5 The parties acknowledge that any significant deviation from assumptions made in the Corporate Plan may require a review of the Key Performance Indicators set out in this Agreement. In that event, the parties undertake to renegotiate the relevant terms and conditions of this Agreement to the extent that the changes have caused, or may cause, or result in, any prejudice or benefit to SABC.

7.6 The Board of Directors shall reward or penalize members of the Executive Committee or other employees of the SABC on the basis of their individual achievements, as measured against their agreement performance contract(s) which shall be aligned to this Agreement and the Corporate Plan.

7.7 The SABC shall furthermore investigate and implement suitable strategies and options to attract and retain an expertise.

7.8 The SABC shall ensure that savings in operational costs are achieved in line with the provisions of the Corporate Plan, specifically in regard to following possibilities.

Reducing the head count by 461 by FY 2012/13

7.9.1 Renegotiating all major contracts to bring down the costs within forecasts by March 2012

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- 7.9.2 Establishing collection terms to reduce the debtors days to a maximum of 60 days.
- 7.9.1 Revising the Sports-Opalng Model and Organisation Design and the 20-Hour News Channel and strategy
- 7.9.4 Establishing a cash management mechanism; and
- 7.9.5 Providing quarterly reports to the Shareholder reflecting the SABC's complete exposure or indebtedness to creditors and financiers.

**8. FINANCIAL CONTROLS AND REPORTING REQUIREMENTS**

- 8.1 In an endeavour to strengthen financial accountability to the Shareholder, the Board of Directors shall:
  - 8.1.1 secure approval by the Shareholder of a threshold level for all material and significant transactions in terms of Section 54(2) of the PFMA, prior to the commencement of each financial year;
  - 8.1.2 secure approval by the Shareholder of a threshold level for all materials losses suffered as a result of criminal conduct, irregular, fruitless and wasteful expenditure as required in terms of Section 55 of the PFMA;
  - 8.1.3 submit on a quarterly basis, a version of the Financial Procedures Misconduct Report to the Shareholder on all acts of criminal conduct, irregular, fruitless and wasteful expenditure together with their monetary values, as well as a list of all disciplinary cases and their progress as required in terms of the Treasury Regulations.

8.1.4 report on a quarterly basis, on compliance of the SABC with the PFMA and Treasury Regulations

8.2 The Accounting Authority of the SABC shall deliver to the Deputy Director-General Finance and ICT Enterprise Development of the Department of Communications and the Deputy Director-General of Asset and Liability Management of the National Treasury of Government within 14 (Fourteen) days after the end of each month;

- 8.2.1 Monthly Management Accounts which shall include a balance sheet, profit and loss statement and cash flow statement for the preceding month and cumulatively for the Financial Year to date reflecting cash flow after proper provisioning of liabilities in accordance with International Financial Reporting Standards ("IFRS"), and
  - 8.2.1.1 a cashflow forecast in respect of the SABC relating to the 12 (twelve) month period commencing at the end of the relevant month;
  - 8.2.1.2 a statement by the Accounting Authority of the SABC commenting on the performance of SABC for the month to which such Monthly Management Accounts relate and the Financial Year to date and any material developments or proposals affecting the SABC or its business and;
  - 8.2.1.3 capital and interest payments made in respect of Guaranteed Liability during that month;
  - 8.2.1.4 the outstanding balance of the Guaranteed Liability as at the end of that month;
  - 8.2.1.5 the financial and operational performance of the SABC of each operational division as identified by Government from time to time
  - 8.2.1.6 the solvency, liquidity and profitability of the SABC and any discrepancies arising between actual operational performance and forecasted operational performance for the preceding month;
  - 8.2.1.7 a sensitivity analysis forecasting the impact of changes in macroeconomic variables and market prices on the profitability of the SABC;
  - 8.2.1.8 the extent to which the SABC has met the forecasted objectives set out in its Budget and corporate plan as provided for in section 52 of the PFMA;
  - 8.2.1.9 the extent to which the SABC has addressed any audit findings as identified by the auditors of the SABC or the Auditor General in respect of the SABC;
  - 8.2.1.10 its updated risk assessment, specifically addressing risk in respect of the Budget and corporate plan and actions taken to mitigate such risk.

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- 8.2.1.11 the progress achieved in meeting any conditions arising out of this agreement;
- 8.2.1.12 a general update on any material issues that relate to the operational and financial well-being of the SABC including any deviations from the turnaround plan that has been approved by Government
- 8.2.1.13 such other information as Government may require by written notice to the SABC excluding information related to editorial independence
- 8.2.2 submit to the Shareholder on a quarterly basis a projection of revenue, expenditure and borrowings, and report reflecting actual borrowings as require in terms of Section 26 of the Treasury Regulations;
- 8.2.3 report on a quarterly basis on the state of the SABC's existing financial systems, controls and implementation thereof, within 30(thirty) days of the end of each quarter of the financial year.
- 8.2.4 Submit to the Shareholder as soon as they become available but in any event within 5 (five) months after the financial year end, an Annual Report and Audited Financial Statements which shall be in compliance with the requirements of the Act, the PFMA and the Companies Act;
- 8.3 Each set of financial statements delivered pursuant to clause 8.1.7
- 8.3.1 shall be certified by the Accounting Authority of the SABC as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up;
- 8.3.2 shall be accompanied by a letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements; and
- 8.3.3 shall be accompanied by a statement by the Accounting Authority of the SABC comparing actual performance for the period to which the financial statements relate to:
  - 8.3.3.1 the projected performance for that period set out in the Budget; and



- 8.3.3.2 the actual performance for the corresponding period in the preceding Financial Year of the SABC;
- 8.4 Submit to the Shareholder with 30 (thirty) days of the end of each quarter of the financial year, quarterly reports to facilitate effective performance monitoring, evaluation and implementation of corrective action; and
- 8.4.1 An annual report from the Accounting Authority outlining plans for maintaining or restoring its capacity to operate without the benefit of the Guarantee. Such reports shall also identify any matters or circumstances which may result in the SABC defaulting in respect of any indebtedness incurred by it and the steps (if any) being taken or proposed to be taken to mitigate such risk.
- 8.5 The Accounting Authority of the SABC shall deliver to Government 30 (thirty) days before the start of each of its Financial Years:
  - 8.5.1 its corporate plan in terms of section 52 of the PFMA and shareholder compact which shall be prepared in consultation with the Government and shall be aligned with this agreement;
  - 8.5.2 a Budget for each Financial Year commencing at the start of such Financial Year which Budget shall be broken down on a monthly basis and be aligned with the corporate plan; and
  - 8.5.3 copies of all signed performance agreements individually concluded between the SABC and each of its executive members for the ensuing Financial Year which performance agreement(s) shall be aligned and linked to the targets set out in the shareholder compact of the SABC, the PFMA and this agreement.
- 8.6 The Accounting Authority of the SABC shall ensure that each Budget as set out in 8.5.2:
  - 8.6.1 is in a form reasonably acceptable to Government and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the SABC;
  - 8.6.2 is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements delivered pursuant to clause 8.2; and

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8.6.3 has been approved by the Accounting Authority of the SABC

8.7 If the Accounting Authority of the SABC intends to update or change the Budget referred to in clause 8.10.2, it shall within 30 (thirty) days of the contemplated update or change being made deliver to Government such proposed updates or changes and reasons for the proposed changes in the Budget, as the case may be provided that:

8.7.1 the SABC must obtain the prior written approval of its Accounting Authority for any update or change to the Budget before implementation; and

8.7.2 the SABC must obtain the prior written approval of Government for changes of 10% (ten percent) or more (excluding all contractual cost price adjustments) of the total amount previously approved under the Budget before implementation

8.8 The Accounting Authority of the SABC shall obtain the prior written consent of Government before entering into transactions which may materially affect the availability of funding, or (b) result in the default under or acceleration of the Guaranteed Liability.

8.9 Should the SABC anticipate that it will be unable to make due and punctual payment of the Principal Amount, interest or any other sum scheduled to be paid in respect of its Guaranteed Liability or that the right of acceleration of a lender, will be triggered in terms of its Guaranteed Liability and the SABC will be unable to make due and punctual payment of the amounts of principal, interest or other sums so accelerated the Accounting Authority of the SABC shall, within 5 days, notify Government in writing of such anticipation.

8.10 In addition to the Audit Committee fulfilling its fiduciary duties in terms of the Audit and Risk Committee Charter, the Board of Directors undertakes to ensure the implementation and maintenance of robust and credible cash management process to support liquidity and strategic use of available funds, including but not limited to:

8.10.1 Obtaining actual daily balances of all SABC bank accounts and reporting monthly on these

8.10.2 Evaluating all lines of credit available to the SABC including utilized and unutilized facilities.



8.10.3 Reviewing commitments and cash flow schedules in order to independently validate cash adequacy up to the end of the current financial year, and in the process, identifying cost-cutting opportunities

8.10.4 Reviewing the Creditors Book in order to determine actual cash flow requirements, with a view to obtaining a clear understanding of the SABC's financial obligations

8.10.5 Validating all payments due.

8.10.6 Reviewing the credit control environment in order to assess creditorigination, analysis and recoverability including internal capacity to maximize working capital effectiveness.

8.10.7 Assessing controls around continued servicing of overdue debtors and considering and advising on revenue collection strategies.

8.10.8 Reviewing foreign currency covenants and assessing the efficacy of the SABC's currency risk management.

8.10.9 Taking effective and appropriate steps to prevent overspending in terms of the prevailing Corporate Plan and Budget

8.10.10 Monitoring and taking corrective action to prevent under collection of revenue, shortfalls in revenue collection performance and overspending of Divisions of the SABC; and

8.10.11 Taking any other measures necessary to achieve the objective of establishing a sound cash management process at the SABC.

8.11 The Shareholder shall strive to give feedback on each quarterly report submitted by the SABC

8.12 Thereafter, the parties shall meet to discuss the Shareholder's response to the quarterly reports

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9. NON-FINANCIAL COVENANTS

- 9.1 The Board of Directors undertakes to be vigilant and to consistently identify the financial and operational risks that confront the SABC. The Board of Directors shall identify and report to the Shareholder, those risks which pose the most significant threats to the SABC and how they should be mitigated.
- 9.2 The SABC acknowledges that access to borrowing facilities and or Government Guarantees is dependent on its continued compliance with specific terms, provisions and conditions of all applicable legislation, the Corporate Plan, contractual arrangements with lenders, and this Agreement. The Board of Directors undertakes to analyse all borrowing documentation to ensure that all critical terms and conditions are identified, compiled with and reported on to the Shareholder so that mitigation of risk is achieved.
- 9.3 In the event that there is an uncertainty over the contractual arrangements with lenders and other providers of finance, the Board of Directors undertakes that it shall seek guidance from the Shareholder and the Minister of Finance. The absence of such guidance however, shall not necessarily cast significant doubt upon the ability of the SABC to continue as a going concern.
- 9.4 The onus is on SABC Board of Directors to satisfy itself that there are likely to be appropriate and committed financing arrangements in place to implement the Corporate Plan. The Board of Directors undertakes to compare the facilities available to the SABC, with the SABC's expected cash requirement from such facilities as indicated by its cash flow forecasts, budgets or trading estimates. Where necessary, the Board of Directors undertakes to engage in early discussions regarding any potential deficits, arrears or contractual breaches with financiers with the Shareholder and the Minister of Finance.
- 9.5 The SABC undertakes to specifically report to the Shareholder in its quarterly report to the Shareholder in its quarterly report, on the mandate specific deliverables as stipulated in the Corporate Plan, the Act, the SABC Charter and respective license conditions. Such report will be output driven and will include but not be limited to, information on
  - 9.5.1 Governance;

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- 9.5.2 Management development and compensation
- 9.5.3 Strategy and performance review
- 9.5.4 Public-Service Programming

10. EXTRAORDINARY REPORTING

- 10.1 The financial covenants shall be driven by the terms and conditions of any commercial lender that the SABC may enter into an agreement with, and shall be based upon key financial ratios, cash flow enhancements, and cost savings contained in the SABC's Corporate Plan.
  - 10.2 The Board of Directors undertakes to design a reporting system that ensures it reports to the Shareholder on a monthly and quarterly basis regarding the SABC's compliance with this Agreement and other agreements entered into with Government.
  - 10.3 Any requests from the Shareholder for a report on a specific matter or any extraordinary report that falls outside the scope of this Agreement shall be dealt with on an ad hoc basis.
11. MONITORING
- 11.1 A monitoring task team comprising of the committee of officials from the National Treasury and Department of Communications established to review on a monthly basis the compliance of the SABC with this Agreement, progress of the SABC in terms of implementing the project plans furnished by the SABC in compliance with this Agreement, and the financial position of the SABC.
  - 11.2 The SABC shall submit a detailed project plan outlining milestones, timelines and executives responsible for achieving the identified cost-cutting and revenue enhancement initiatives as contained in the commitments made to Government in applying for the approved guarantee, as amended from time to time.

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11.3 The SABC shall submit a detailed project plan outlining milestones, timelines, and executives responsible for addressing the issues identified in the Auditor General report of 2009.

11.4 The Project Plans shall include performance indicators and measures upon which progress towards achievement of the objectives of these Plans, shall be measured

11.5 Reports on progress against the project plans, as well as utilisation of the Government Guarantee and funds borrowed based on the Government Guarantee, shall be submitted to the Ministers of Communications and Finance on a monthly basis.

11.6 The monitoring task team shall meet with the SABC on a monthly basis within 7 (seven) days from receipt of the information submitted monthly by the Accounting Authority of the SABC as set out in 8.1.5. In addition to the above, if Government wishes to discuss any matter in relation to this agreement with SABC and/or any of its director(s), Government may in its discretion notify SABC, stating the questions or issues which Government wishes to discuss with SABC or any of its director(s). In this event SABC shall within 30 (thirty) days of receipt of such notice arrange for an authorised representative and/or director(s) required by Government to attend a meeting with Government.

11.7 Feedback on the evaluation of reports referred to in clauses 11.4 and 11.5 above shall be made available to the Board of the SABC for corrective action.

12. ANNEXURES

12.1 The following Annexures when approved by the Board, will form part of this Agreement and shall at all times be kept updated by the SABC and availed to the Shareholder on reasonable written notice:

- 1. Annexure A: Approved Corporate Plan for 2011 - 2013, and any amendments.

- 2. Annexure B: Code of Ethical Conduct.
- 3. Annexure C: Protocol on Directors' Disclosure of Interests.
- 4. Annexure D: Register of Conflicts of Interests.
- 5. Annexure E: Statement of Responsibility and Delegations.
- 6. Annexure F: Turnaround Strategy.
- 7. Annexure G: Criteria for evaluation of the performance of the Board of Directors (as a whole), Chairperson of the Board of Directors, individual Directors, Committees of the Board of Directors, Executive Committees (as a whole), individual members of the Executive Committee and senior management of the SABC.

13. DECISION MAKING

13.1 In order to retain effective control and Management of the affairs of SABC, the Board of Directors shall meet in accordance with the provisions of the Act and the Articles of Association of the SABC

13.2 The Board of Directors shall ensure that minutes are taken of all meetings of the Board of Directors, Board Subcommittees and the Executive Committee, the names of the Directors present at each such meeting, as well as the resolutions passed and decisions made at such meetings, as provided for in the SABC's Articles of Association.

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14. TRANSFORMATION POLICIES

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14.1 The Board of Directors shall develop and implement policies to assist the SABC in achieving its mandate as provided for in the Act, the PFMA and the relevant Treasury Regulations.

14.2 The Board of Directors shall implement policies which promote and support certain specific key objectives. In particular, the following policies shall be developed and submitted to the Shareholder within 45 (forty five) days of signature of this Agreement:

- 14.2.1 Employment Equity Policy
- 14.2.2 Skill Development Policy; and
- 14.2.3 A Procurement Policy aimed at black economic empowerment and the development of SMME's as well as the fair and competitive procurement processes.

15. LIABILITIES

15.1 The Shareholder undertakes to fulfill all its obligations in respect of the guarantee, security or indemnity granted by it in order to secure liability of the SABC.

15.2 The Shareholder acknowledges that there exists a liability on the part of SABC, (such as to subsidise the post-retirement medical aid contribution costs of its pensioners), and that the impact of such liability may be reflected in the SABC's annual budget and/or Corporate Plan

16. NOTICES



16.1 The parties as their domicilium citandi et executandi for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature, the following addresses -

16.1.1 The SABC  
Physical Address: Radiopark, Henley Road, Auckland Park  
Postal Address: Private Bag X1, Auckland Park, 2006  
Fax No.: +27 11 715 4869  
Attention: The Chairperson of the Board of Directors

16.1.2 The Shareholder  
Physical Address: IPanorai Office Park, 399 Duncan Street, Hatfield  
Postal Address: Private Bag X860, Pretoria, 0001  
Fax No.: +27 12 382 9915  
Attention: The Minister of Communications

16.1.3 If delivered by hand, be deemed to have duly received by the addressee on the date of delivery thereof to the addressee;

16.1.4 If posted by pre-paid registered post be deemed to have been received by the addressee on the 10<sup>th</sup> day following the date of such posting and;

16.1.5 If transmitted by fax be deemed to have been received by the addressee one day after such successful dispatch

16.2 Notwithstanding anything to contrary contained in this Agreement, a written notice or communication actually received by a responsible official of one of the parties shall be adequate written notice or communication to such party

17. WHOLE AGREEMENT

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17.1 This Agreement constitutes the whole agreement between the parties as to the subject matter hereof and no instructions, agreements, representations or

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warranties between the parties other than those set out herein are binding upon the parties.



20.3 Should the negotiation fail to resolve the dispute, the parties shall agree on and refer the dispute to an independent third party who is an expert in the area subject to the dispute. The parties shall further agree on the terms (including responsibility for payment) and scope of the third party assessment.

18. VARIATIONS

18.1 No addition to or variation, consensual cancellation or novation of this Agreement, and/or waiver of any right arising from this agreement or its breach or termination, shall be of any force or effect unless reduced to writing and signed by both, or their duly authorised representatives.

20.4 The decision of the third party shall be final and binding on the parties.

19. CONFLICT

19.1 The parties acknowledge that this Agreement seeks to give effect to the provisions of several governing legislations. Therefore, in the event that any provision(s) of this Agreement is (are) in conflict with such governing legislation, the provisions of the Law shall prevail.

19.2 The parties also recognise that regular reviews of this Agreement afford an opportunity to continually update governance principles as the necessary, therefore if there is any conflict between the provisions of this Agreement and the Memorandum and/or Articles of association, the Memorandum and/or Articles of Association shall be accordingly amended to reflect intention, as embodied in this Agreement.

20. THIRD PARTY ASSESSMENT

20.1 The parties acknowledge that a dispute arise from issues relating to this Agreement such as (but not limited to) the mandate, performance, information supplied, meeting of targets, now shareholder decisions affecting agreed targets, as well as interpretation of the provisions of this Agreement.

20.2 The parties therefore agree to negotiate with each other in good faith in an effort to resolve such disputes.

*WBK*





commitment	values by 10% (Measured in US\$, excluding SABC's turnaround strategy programme)	costs for quarter reduced by 10%	licence costs for quarter reduced by 10%	licence costs for quarter reduced by 10%	service costs for quarter reduced by 10%
Education delivery on radio, television & internet	Deliver 70 minutes hours in line with licence conditions	Deliver quarterly materials hour	Deliver quarterly materials hour	Deliver quarterly materials hour	Deliver quarterly materials hour

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Strategic Intent	Strategic Objective	Key Deliverables	Key Performance Indicator / Target			
			Q1	Q2	Q3	Q4
Pillar 2 Operations Management (FY11/12 Quarterly Targets) During Broadcasting and Broadcasters back in the forefront of what the organisation is about and efficient integrity back into the histograms used programmes of the SABC in particular.	Delivery of public service broadcasting that achieves the organisation's mandate, objectives, and creates public value through creating technology	Re-establishment of the market presence Department of business development Research delivery to meet organisational requests Television Accessibility Turnkey strategy for SABC	Operating model structure implemented	Structure implemented	Structure implemented	All departmental deliverables achieved
			100%	60%	60%	60%
			11% LSM 7-10	14% LSM 7-10	14% LSM 7-10	14% LSM 7-10

Staff targets	Deliverables	Quantification of drivers of public value	Research conducted	Public value research conducted	Public value targets
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	100 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	50 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	40 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	60 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	Delivery as per project plan

Staff targets	Deliverables	Quantification of drivers of public value	Research conducted	Public value research conducted	Public value targets
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	100 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	50 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	40 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	60 low power transmitters operational
Public value research unit	Delivery of public value as per research findings	Research into public value targets as set above SABC strategy	Public value research unit	Public value research unit	Delivery as per project plan

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Table 8: Pillar 3: News Quarterly Targets

Pillar 3		News (FY17/18 Quarterly Targets)			
<b>Strategic Intent:</b> <ul style="list-style-type: none"> <li>Secure African news footprint of choice</li> <li>Building brands that reflect excellence and the South African identity in every way</li> </ul>					
<b>Strategic Objective:</b> Key Deliverables		<b>Key Performance Indicators: Target</b>			
		<b>Medium Term Targets</b>			
		Q1	Q2	Q3	Q4
Provide distinctive news programming that delivers audiences and achieves our targets		Achieve 7% audience gain	Achieve 7% audience gain	Achieve 7% audience gain	Achieve 7% audience gain
Expand reach through compelling video news that is responsibly focused on international news from an African perspective		Achieve 7% audience gain	Achieve 7% audience gain	Achieve 7% audience gain	Achieve 7% audience gain

Table 8: Pillar 3: News Quarterly Targets

Quarter	1	2	3	4
Critical infrastructure: PCCs in Final Contract completed and Centre implemented operational	100%	100%	100%	100%
Network: Work on system implemented and implemented and 'stabilising' equipment	100%	100%	100%	100%
System: Work on system implemented and implemented and 'stabilising' equipment	100%	100%	100%	100%
Computer system: Work on system implemented and implemented and 'stabilising' equipment	100%	100%	100%	100%

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Table 6: Pillar 4: Governance Quarterly Targets

Pillar 4		Governance (FY 11/12 Quarterly Targets)			
Strategic Intent:		Key Performance Indicators / Target			
Strategic Objective		Medium Term Targets			
Key Deliverables		FY 11/12			
FY 11/12		Q1	Q2	Q3	Q4
<p>Review of Operational policies and procedures to ensure alignment with new operating mode</p> <p>Business performance management aligned to the government turnaround plan</p>	<p>Headcount and Cost reduction as per Government Directive</p> <p>Costs to be reduced by 40% within 12 months</p> <p>Annual performance contracting signed with each business unit</p>	<p>Obtain approval on headcount reduction plan by 20/12/13</p>	<p>Obtain approval on headcount reduction plan by 20/12/13</p>	<p>Obtain approval on headcount reduction plan by 20/12/13</p>	<p>Obtain approval on headcount reduction plan by 20/12/13</p>
<p>Business performance management aligned to the government turnaround plan</p>	<p>Annual performance contracting signed with each business unit</p>	<p>Performance monitoring, evaluation and reporting</p>	<p>Performance monitoring, evaluation and reporting</p>	<p>Performance monitoring, evaluation and reporting</p>	<p>Performance monitoring, evaluation and reporting</p>

Table 6: Pillar 4: Governance Quarterly Targets

Pillar 3

Pillar 3		Governance (FY 11/12 Quarterly Targets)			
Strategic Intent:		Key Performance Indicators / Target			
Strategic Objective		Medium Term Targets			
Key Deliverables		FY 11/12			
FY 11/12		Q1	Q2	Q3	Q4
<p>Review of operating model that is simple and easily understood, supported by an operational design that assigns accountability clearly to those charged with execution of the Enterprise plans and good governance</p> <p>Focusing on the performance of the Enterprise at every level and holding individuals accountable for delivery</p>	<p>Guidance Targets: Quarterly evaluation</p> <p>Annual performance contracting and management links to delivery of Government Strategic Target</p>	<p>Performance Evaluation Conducted Quarterly</p>	<p>Performance Evaluation Conducted Quarterly</p>	<p>Performance Evaluation Conducted Quarterly</p>	<p>Performance Evaluation Conducted Quarterly</p>
<p>Business performance management aligned to the government turnaround plan</p>	<p>Annual performance contracting and management links to delivery of Government Strategic Target</p>	<p>Performance for all Executive and Senior Management</p>	<p>Performance for all Executive and Senior Management</p>	<p>Performance for all Executive and Senior Management</p>	<p>Performance for all Executive and Senior Management</p>

Table 6: Pillar 3: Governance Quarterly Targets

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**Pillar 4**  
**Governance (FY11/12 Quarterly Targets)**

**Strategic Intent:**

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

**Strategic Objective:**

**Key Deliverables**

Objective	Key Performance Indicator / Target			
	Q1	Q2	Q3	Q4
Application of the operational Risk management framework	Quarterly Performance Evaluation Conducted Quarterly	Performance Evaluation Conducted Quarterly	Performance Evaluation Conducted Quarterly	Performance Evaluation Conducted Quarterly
	Risk reporting structures established	Risk reporting structures established	Risk reporting structures established	Risk reporting structures established
Identity and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered
Identify and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered	Identify and quantify areas considered

Reference: JSE Listings Requirements 2011

**Pillar 4**  
**Governance (FY11/12 Quarterly Targets)**

**Strategic Intent:**

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

**Strategic Objective:**

**Key Deliverables**

Objective	Key Performance Indicator / Target			
	Q1	Q2	Q3	Q4
Review and refinement of the internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy
	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy
Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy
Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy	Review and refinement of internal audit strategy

Reference: JSE Listings Requirements 2011

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**Pillar 4**  
**Governance (FY11/12 Quarterly Targets)**

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

**Strategic Objective:**  
 Key Deliverables

FY11/12	Key Performance Indicators / Target			
	Q1	Q2	Q3	Q4
Embed the management into the day-to-day activities of the company	Evaluate the optimal cost of compliance	Evaluate the optimal cost of compliance	Cost of compliance	Cost of compliance
Evaluate the optimal cost of compliance	Cost reduction	Cost reduction	Cost reduction	Cost reduction
Optimise cost of compliance as a percentage of revenue	Cost reduction	Cost reduction	Cost reduction	Cost reduction
Reduce cost of compliance as a percentage of revenue	Cost reduction	Cost reduction	Cost reduction	Cost reduction

Table 11.112 - Governance (FY11/12)

**Pillar 5**  
**People (FY11/12 Quarterly Targets)**

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

**Strategic Objective:**  
 Key Deliverables

FY11/12	Key Performance Indicators / Target			
	Q1	Q2	Q3	Q4
Performance Management - Rewards linked to performance strategy & implementation	Performance Management - Rewards linked to performance strategy & implementation	Performance Management - Rewards linked to performance strategy & implementation	Performance Management - Rewards linked to performance strategy & implementation	Performance Management - Rewards linked to performance strategy & implementation
Attraction, retention and development of resources to drive organisational delivery	Attraction, retention and development of resources to drive organisational delivery	Attraction, retention and development of resources to drive organisational delivery	Attraction, retention and development of resources to drive organisational delivery	Attraction, retention and development of resources to drive organisational delivery

Table 11.113 - People (FY11/12)

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<p>Organization design, work study, job profiles and competency profiles</p>	<p>Organization design developed and approved</p> <ul style="list-style-type: none"> <li>Job profiles developed by Organization</li> <li>Design and layout developed by representative department</li> <li>Roles and responsibilities defined</li> <li>Competency profiles determined</li> <li>Competency framework training matrix aligned to SABC business operating model and strategic</li> </ul>	<p>Organizational structure developed</p>	<p>N/A</p>
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<p>Review and impact policies</p>	<p>direction</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Leave Policy</p>	<p>Policy Reviewed</p>	<p>N/A</p>	<p>Policy Reviewed</p>	<p>N/A</p>
<p>Asset Policy</p>	<p>Policy Reviewed</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>IT/IT Check Policy</p>	<p>Policy Reviewed</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Senior Managers Car Scheme Policy</p>	<p>N/A</p>	<p>N/A</p>	<p>Policy Reviewed</p>	<p>N/A</p>
<p>Transfer Policy</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Asset Procurement of Size</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Policy Reviewed</p>
<p>Compensation/Retirement Policy</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Policy Reviewed</p>

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Change to Total Cost of Employment for new hires	Change to TCOS for new hires	Implemented to New Hires	N/A	N/A
<p><b>Medical and Policy Review</b></p> <ul style="list-style-type: none"> <li>• Policy will be completed</li> <li>• Confirmed for Families (Excluded Auld) and report on pay</li> <li>• Review strategies to drive state operating model</li> </ul> <p><b>Succession Planning Policy</b> will be in place and executed</p>	<ul style="list-style-type: none"> <li>• Medical and Policy Review</li> <li>• Skills audit complete</li> <li>• Succession Policy</li> <li>• Development Plans for potential successors</li> </ul>	N/A	N/A	N/A
		N/A	N/A	Early Review Skills audit complete

Table 4: Financial Health Quarterly Review

Strategic Intent: Building an organisation that is economical, efficient and effective	Strategic Objective Key Delivery	Quarterly Targets			
		Q1	Q2	Q3	Q4
<p>Revenue targets met</p> <p>100% of quarterly target</p> <p>R1.35 billion</p> <p>100% of quarterly target</p> <p>R1.44 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>Revenue targets met</p> <p>100% of quarterly target</p> <p>R1.35 billion</p> <p>100% of quarterly target</p> <p>R1.44 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.44 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.49 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.25 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>71 days</p> <p>81 days</p> <p>77 days</p> <p>71 days</p>
	<p>Revenue targets met</p> <p>100% of quarterly target</p> <p>R1.35 billion</p> <p>100% of quarterly target</p> <p>R1.44 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.44 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.49 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>100% of quarterly target</p> <p>R1.25 billion</p> <p>Maintain Cost of Sales Ratio of 5.5%</p> <p>Maintain working capital</p> <p>Reduce closure days</p>	<p>71 days</p> <p>81 days</p> <p>77 days</p> <p>71 days</p>

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Share of advertising revenue initiatives	TV - 54% Radio - 45%	TV - 54% Radio - 45%	TV - 54% Radio - 45%	TV - 54% Radio - 45%	Total revenue
Government Subsidy requests made	Lowest response rate	Request made	N/A	N/A	TV - 54% Radio - 45% R&A
TV License collection targets met	Consentatory TV license 2018/19	100% of quantity target	100% of quantity target	100% of quantity target	100% of quantity target
Maintain acceptable cost to revenue ratios	Collector cost as % of operating revenue	Cost of collection at 18%	Cost of collection at 19%	Cost of collection at 18%	Cost of collection at 18%
	External operating costs as % of operating revenue	External operating cost at 19%	External operating cost at 19%	External operating cost at 19%	External operating cost at 19%

Increased revenues from alternative revenue streams	PSI, 3m	100% of quantity target	100% of quantity target	100% of quantity target	100% of quantity target
Digital Micro	Develop organisational structure for Property and Facilities Function and transfer all staff in to that structure	Develop Organisational design and structure	Develop Organisational design and structure	Develop Organisational design and structure	Develop Organisational design and structure
Content optimisation	Approved property strategy	N/A	N/A	N/A	N/A
Cost reduction	Asset management strategy developed and implemented	N/A	N/A	N/A	Property strategy developed (Jan 2012)
	Centralisation of Procurement	Centralisation of Procurement (June 2011)	Centralisation of Procurement	Centralisation of Procurement	N/A
	Creation of Bid Spec Committees	Creation of Bid Spec Committees	Creation of Bid Spec Committees	Creation of Bid Spec Committees	Realise savings
	Supply chain management strategy implemented	Supply chain management strategy implemented	Supply chain management strategy implemented	Supply chain management strategy implemented	Realise savings
	Facilities Benefits	Facilities Benefits	Facilities Benefits	Facilities Benefits	Realise savings
	Efficient processes, skills, intellectual property and supply chain management	Efficient processes, skills, intellectual property and supply chain management	Efficient processes, skills, intellectual property and supply chain management	Efficient processes, skills, intellectual property and supply chain management	Realise savings

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**Companies and Intellectual Property Commission  
Republic of South Africa  
Memorandum of Incorporation  
for a State Owned Company  
of**

**SOUTH AFRICAN BROADCASTING CORPORATION SOC LIMITED  
Registration Number: 2003/023915/30**

which is a profit company, is authorised to issue securities as described in article 2, and is referred to as "the Corporation" in this MOI.

**Adoption of the MOI**

Neither the short nor the long standard form of MOI for a Profit Company, Forms CoR.15.1.A and CoR15.1.B, respectively, as amended from time to time, shall apply to the Corporation.

This MOI is in a form unique to the Corporation, as contemplated in section 13(1)(a)(ii) of the Companies Act 71 of 2008, as amended.

This MOI was adopted by special resolution of the shareholders of the Corporation adopted on and substitutes the previous Mol due to Court ruling in the matter between SOS Support Public Broadcasting Coalition & Others V South African Broadcasting Corporation & Others.

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## 1 DEFINITIONS AND INTERPRETATIONS

### 1.1 Definitions

In this Mol, unless inconsistent with or otherwise indicated by the context

- 1.1.1 **"Annual General Meeting"** means an annual general meeting of the Corporation, notwithstanding that the Corporation is a private company and accordingly not required in terms of the Companies Act to hold an annual general meeting as defined in the Companies Act, duly called and constituted in terms of section 61(7) of the Companies Act, or any adjournment thereof;
- 1.1.2 **"Audit Committee"** means the audit committee of the Corporation contemplated in section 94 of the Companies Act and established in terms of paragraph 19.2 of this Mol;
- 1.1.3 **"Board"** means the board of Directors of the Corporation, who is also the accounting authority as contemplated in section 49(2)(a) of the PFMA;
- 1.1.4 **"Broadcasting Act"** means the Broadcasting Act 4 of 1999, as amended from time to time, including the regulations thereto;
- 1.1.5 **"Business Day"** means any day other than a Saturday or a Sunday or any day that is public holiday in the Republic;
- 1.1.6 **"CEO"** means the chief executive officer of the Corporation, appointed by the Board pursuant to a process set out in paragraph 13.5 of this Mol, and the term GCEO shall have a corresponding meaning;
- 1.1.7 **"CFO"** means the chief financial officer of the Corporation appointed by the Board pursuant to a process set out in paragraph 13.5 of this Mol;
- 1.1.8 **"Commercial Service"** means a commercial business of the Corporation established in terms of section 9 of the Broadcasting Act;
- 1.1.9 **"Companies Act"** means the Companies Act 71 of 2008, as amended from time to time, including the regulations thereto;
- 1.1.10 **"Company Secretary"** means the company secretary of the Corporation appointed by the Board as required by section 86 of the Companies Act;
- 1.1.11 **"COO"** means the chief operations officer of the Corporation appointed by the Board pursuant to a process set out in paragraph 13.5 of this Mol;
- 1.1.12 **"Corporation"** means the South African Broadcasting Corporation SOC Limited;
- 1.1.13 **"Corporate Plan"** means the corporate plan of the Corporation as contemplated in the PFMA;

- 1.1.14 **"Director"** means a person appointed as a Director of the Corporation;
- 1.1.15 **"ECA"** means the Electronic Communications Act 36 of 2005, as amended from time to time, including the regulations thereto;
- 1.1.16 **"Executive Committee"** means a committee of the Corporation established in accordance with the provisions of Section 14 of the Broadcasting Act;
- 1.1.17 **"Executive Director"** means the persons holding the position of Director in an *ex officio* capacity pursuant to his or her appointment as an employee of the Corporation by the Board in accordance with the provision of paragraph 13.5 of this Mol;
- 1.1.18 **"General Meeting"** means a Special General Meeting or an Annual General Meeting, duly called and constituted in terms of paragraph 12 of this Mol, or any adjournment thereof;
- 1.1.19 **"ICASA Act"** Independent Communication Authority of South Africa, No 13 of 2000 as amended from time to time;
- 1.1.20 **"Minister"** means the Minister of Communications and Digital Technology of the Republic, acting in his or her capacity as the representative of the Shareholder in terms of the Companies Act and being the executive authority of the Corporation as contemplated in the PFMA;
- 1.1.21 **"Mol"** means this Memorandum of Incorporation, as amended from time to time;
- 1.1.22 **"Non-Executive Director"** means a Director appointed in accordance with Section 13 of the Broadcasting Act.
- 1.1.23 **"PFMA"** means the Public Finance Management Act, Act 1 of 1999, as amended from time to time, including the regulations thereto;
- 1.1.24 **"Public Service Division"** means the public service operational division of the Corporation as contemplated in section 9 of the Broadcasting Act;
- 1.1.25 **"Records"** means records required to be maintained by the Corporation, including without limitation the records contemplated in paragraph 17 of this Mol;
- 1.1.26 **"Register"** means the register of shareholders of the Corporation;
- 1.1.27 **"Registered Office"** means the registered office of the Corporation from time to time;
- 1.1.28 **"Republic"** means the Republic of South Africa;
- 1.1.29 **"Round Robin Resolution"** means a resolution passed by either the Board

or a committee of the Board other than in a meeting of the Board or a meeting of the committee of the Board; or by the Minister other than in a General Meeting;

- 1.1.30 **"Senior Executives"** means other members of the Executive Committee as contemplated in Section 14 of the Broadcasting Act.
- 1.1.31 **"Shares"** means all the shares in the issued share capital of the Corporation;
- 1.1.32 **"Shareholder"** means the registered holder of shares in the Company, which shall be the State;
- 1.1.33 **"Shareholders Compact"** means the shareholder compact concluded between the Board and the Minister in the manner contemplated in section 29(2) of the Treasury Regulations;
- 1.1.34 **"Sign"** includes the reproduction of a signature by lithography, printing or any kind of stamp or any other mechanical or electronic process; and the term **"Signature"** has the corresponding meaning;
- 1.1.35 **"Special General Meeting"** means any meeting of shareholders other than an Annual General Meeting;
- 1.1.36 **"the State"** means the Government of the Republic of South Africa, represented by the Minister; and
- 1.1.37 **"Statutes"** means any of the Broadcasting Act, the Companies Act, the PFMA, the ICASA Act, the ECA, and any other legislative or statutory provision that directly concerns and necessarily affects the Corporation from time to time in force.
- 1.1.39 **"Treasury Regulations"** mean the Regulations issued in terms of Public Finance Management Act of 1999.

## 1.2 Interpretation

Unless the context otherwise requires

- 1.2.1 words importing any gender include the other genders and words importing the singular include the plural, and *vice versa*;
- 1.2.2 any word or expression that has been defined in any applicable Statutes shall, in this Mol, to an extent applicable, have the statutory meaning assigned to such word or expression in this Mol to the extent applicable;
- 1.2.3 the headings are for reference purposes only and shall not affect the interpretation of this Mol;
- 1.2.4 if the provisions of this Mol are in any way inconsistent with the unalterable

provisions of the Companies Act, the unalterable provisions of the Companies Act shall prevail, and this Mol shall be read in all respects subject to the Companies Act;

- 1.2.5 when a particular number of days is provided for between the happening of one event and another, the number of days must be calculated by excluding the day on which the first such event occurs and including the day on or by which the event is to occur.

## **2 TYPE OF COMPANY**

### **2.1 State Owned Company**

- 2.1.1 The Corporation is a profit company; and is prohibited from offering any of its Shares or other Securities to the public; and accordingly it is a private company.
- 2.1.2 The Corporation is a state-owned company as contemplated in the Companies Act and accordingly no person other than the State shall hold Shares in the Corporation.

## **3 OBJECTS, POWER, CAPACITY AND STRUCTURE**

### **3.1 The main objects and main business**

The main objects of the Corporation shall be as set out in section 8 of the Broadcasting Act.

### **3.2 Powers and Capacity**

- 3.2.1 The Corporation has the power and capacity of an individual save to the extent of the limitations set out in paragraph 11.9 of this Mol, which shall be reserved for the Shareholder to take a decision on and accordingly the Corporation shall not implement such decisions before obtaining the approval of the Minister.
- 3.2.2 Subject to the provisions of paragraph 3.2.1 of this Mol the Board may, in the exercise of their duties, but subject to the provisions of the Broadcasting Act, the ECA, the PFMA and the provisions of this Mol, undertake, whether wholly or in part and whether temporary or permanently, any business which the Corporation is expressly or implicitly empowered to undertake.
- 3.2.3 Save for the provisions of paragraph 3.2.1 of this Mol, notwithstanding the omission from this Mol of any provision to that effect, the Corporation may do anything which the Companies Act empowers a company to do.
- 3.2.4 The financial year end of the Corporation shall be on 31 March in each

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year.

### **3.3 Administration of and Divisions of the Corporation**

3.3.1 The Corporation must consist of two separate operational divisions, namely a Public Service Division and a Commercial Service Division, as contemplated in section 9(1) of the Broadcasting Act.

3.3.2 The Public Service Division and the Commercial Service Division must be separately administered and a separate set of financial records and financial accounts must be kept in respect of each such division.

## **4 AMENDMENTS TO THE MEMORANDUM OF INCORPORATION**

Save for correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation *eiusdem generis*, spelling, punctuation, reference, grammar or similar defects) in this Mol, which the Board is empowered to do, all other amendments of this Mol shall only be effected by way of special resolution. The Board shall publish a copy of any such correction effected by the Board on the Corporation's web site.

## **5 SHARES AND RIGHTS ATTACHING TO SHARES**

### **5.1 Authorised Share Capital of the Corporation**

The authorised share capital of the Corporation shall be determined by the Minister with the concurrence of the Minister of Finance.

5.1.1 The Corporation is authorised to issue no more than 2000 (two thousand) ordinary shares with no par value of which entitles the holder to:-

5.1.1.1 vote on any matter to be decided by a vote of shareholders of the company;

5.1.1.2 participate in any distribution of profit to the shareholders; and share in the distribution of the company's residual value upon its dissolution

### **5.2 Shareholding by the State**

Subject to the provisions of section 7(8) of the Broadcasting Act, the State shall be the only shareholder of the Corporation.

### **5.3 Restructure of the Authorised and Issued Share Capital**

The Board shall, at the instance of the Minister restructure the issued and unissued share capital of the Corporation into such number of shares as the Minister shall determine.

### **5.4 Issuance of Share Certificates**



- 5.4.1 Subject to section 49 of the Companies Act share certificates shall be issued and replaced under the authority of the Board in such manner and form, as the Board shall from time to time prescribe.
- 5.4.2 A shareholder shall be entitled to 1 (one) certificate for all the Shares of a particular class registered in its name, or to several certificates, each for a part of such Shares.
- 5.4.3 If a share certificate is defaced, lost, or destroyed, it shall be reissued but in the case of defacement against delivery of the old certificate.

## **6 ALTERATION OF SHARE CAPITAL**

The Corporation shall not alter its share capital in any manner other than as may be determined by the Minister, subject to the provisions of the Companies Act.

## **7 BORROWING POWERS**

The Corporation may only borrow money provided such borrowing is in accordance with the provisions of section 66 of the PFMA, section 23 of the Broadcasting Act and/or any other applicable legislation.

## **8 AUDITORS**

### **8.1 Auditor-General's Election**

The Corporation shall not appoint an external auditor for any financial year in respect of which the Auditor-General has elected, in terms of the Public Audit Act 25 of 2004, to conduct an audit of the Corporation.

### **8.2 Appointment of External Auditors**

8.2.1 In the event of the Auditor-General having elected not to audit the Corporation, the Minister shall appoint the auditors of the Corporation at each and every Annual General Meeting, and shall take into account the recommendations of the Audit Committee and the Board, but shall not be obliged to appoint the recommended auditors.

8.2.2 If a firm is appointed as auditors, the individual determined by that firm, in terms of section 44(1) of the Auditing Profession Act 26 of 2005, to be a person responsible for performing the functions of auditor must satisfy the requirements of section 90(2) of the Companies Act.

### **8.3 Resignation of Auditors and Vacancies**

8.3.1 The resignation of an auditor is effective when the notice of resignation is filed as contemplated in Section 91(1) of the Companies Act.

8.3.2 Subject to the provisions of paragraph 8.3.3 of this Mol, if a vacancy arises in the office of the auditor of the Corporation, the Board of the

Corporation must appoint a new auditor within 40 (forty) Business Days, if there was only one incumbent auditor of the Corporation; and may appoint a new auditor at any time, if there was more than one incumbent, but while any such vacancy continues, the surviving or continuing auditor may act as auditor of the Corporation.

- 8.3.3 Before making an appointment in terms of paragraph 8.3.2 of this Mol, the Board must propose to the Corporation's Audit Committee, within 15 (fifteen) Business Days after the vacancy occurs, the name of at least one registered auditor to be considered for appointment as the new auditor; and may proceed to make an appointment of a person proposed if, within 5 (five) Business Days after delivering the proposal, the Audit Committee does not give notice in writing to the Board rejecting the proposed auditor.
- 8.3.4 If the Corporation appoints a firm as its auditor, any change in the composition of the members of that firm does not by itself create a vacancy in the office of auditor for that year, subject to the provisions of paragraph 8.3.5 of this Mol.
- 8.3.5 If, by comparison with the membership of a firm at the time of its latest appointment, less than one half of the members remain after a change contemplated in paragraph 8.3.4 of this Mol, that change constitutes the resignation of the firm as auditor of the Corporation, giving rise to a vacancy.

#### **8.4 Rotation of Auditors**

- 8.4.1 The person referred to in paragraph 8.2.2 of this Mol may not serve as the auditor or designated auditor of the Corporation for more than 5 (five) consecutive financial years.
- 8.4.2 If an individual has served as the auditor or designated auditor of the Corporation for 2 (two) or more consecutive financial years and then ceases to be the auditor or designated auditor, the individual may not be appointed again as the auditor or designated auditor of the Corporation until after the expiry of at least 2 (two) further financial years.
- 8.4.3 If the Corporation has appointed 2 (two) or more persons as joint auditors, the Corporation must manage the rotation required by this paragraph 8.4 of this Mol in such a manner that all of the joint auditors do not relinquish office in the same year.

#### **8.5 Rights and restricted functions of auditors**

**8.5.1 The auditor of the Corporation:**

8.5.1.1 has the right of access at all times to the accounting records and all books and documents of the Corporation, and is entitled to require from the Directors or prescribed officers of the Corporation any information and explanations necessary for the performance of the auditor's duties; and

8.5.1.2 is entitled to:

8.5.1.2.1 attend any General Meeting;

8.5.1.2.2 receive all notices of and other communications relating to any General Meeting; and

8.5.1.2.3 be heard at any General Meeting contemplated in this paragraph 8.5.1 of this Mol on any part of the business of the meeting that concerns the auditor's duties or functions.

8.5.2 An auditor appointed by the Corporation may not perform any services for the Corporation that would place the auditor in a conflict of interest as prescribed or determined by the Independent Regulatory Board for Auditors in terms of section 44(6) of the Auditing Profession Act No 26 of 2005 and the Public Audit No 25 of 2004; or as may be determined by the Corporation's Audit Committee in terms of section 94(7)(d) of the Companies Act.

**9 COMPANY SECRETARY**

**9.1 Appointment**

9.1.1 The Board must appoint a Company Secretary of the Corporation, who shall be person having the requisite knowledge, or experience in, relevant laws, on such terms and conditions as the Board may determine, subject to his or her duties including the duties set out in paragraph 9.2 of this Mol.

9.1.2 The Company Secretary must be a permanent resident of the Republic, and remain so while serving in that capacity.

9.1.3 Within 60 (sixty) business days after a vacancy arises in the office of Company Secretary, the Board must fill the vacancy by appointing a person to the office of Company Secretary, with the necessary qualifications.

**9.2 Duties of the Company Secretary**

9.2.1 The Company Secretary is accountable to the Board.

9.2.2 The Company Secretary's duties include, but are not restricted to:

- 9.2.2.1 providing the Directors of the Corporation collectively and individually with guidance as to their duties, responsibilities and powers;
- 9.2.2.2 making the Directors aware of any law relevant to or affecting the Corporation;
- 9.2.2.3 reporting to the Board any failure on the part of the Corporation or a Director to comply with this MoI or Rules of the Corporation or the Companies Act, or any Applicable Statutes;
- 9.2.2.4 ensuring that minutes of all General Meetings, Board meetings and the meetings of any Board committees, or of the Corporation's Audit Committee, are properly recorded in accordance with the Companies Act;
- 9.2.2.5 certifying in the Corporation's annual financial statements whether the Corporation has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date;
- 9.2.2.6 ensuring that a copy of the Corporation's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it; and
- 9.2.2.7 carrying out the functions of a person who is designated in terms of section 33 of the Companies Act as the person responsible for the Corporation's compliance with the requirements of filing the annual return for the Corporation.

### **9.3 Resignation or removal of Company Secretary**

- 9.3.1 A Company Secretary may resign from office by giving the Corporation 1 (one) month written notice; or less than 1 (one) month written notice, with the approval of the Board.
- 9.3.2 If the Company Secretary is removed from office by the Board, the Company Secretary may require the Corporation to include a statement in its annual financial statements relating to that financial year, not exceeding a reasonable length, setting out the Company Secretary's contention as to the circumstances that resulted in the removal.
- 9.3.3 If the Company Secretary wishes to exercise the power referred to in paragraph 9.3.2 of this MoI, the Company Secretary must give written notice to that effect to the Corporation by not later than the end of the

financial year in which the removal took place and that notice must include the statement referred to in paragraph 9.3.2 of this Mol.

- 9.3.4 The statement of the Company Secretary referred to in paragraph 9.3.2 of this Mol must be included in the Directors' report in the Corporation's Annual Report.

## 10 MANAGEMENT OF THE CORPORATION

### 10.1 Management and Control

- 10.1.1 The Board manages and controls the business of the Corporation in accordance with the provisions of this Mol and applicable statutes.
- 10.1.2 The Board may establish any number of committees of Directors and delegate to any committee any of the authority of the Board unless expressly prohibited from doing so by any Applicable Statutes, or by this Mol.
- 10.1.3 The Board shall at all times ensure that any decision taken and any exercise of management powers is not inconsistent with any applicable statutes or this Mol; and complies with any applicable statutes or any resolution passed by a General Meeting in respect of matters set out in paragraph 11.9 of this Mol.

### 10.2 Control over the Corporation

Without derogating from any duty imposed by any other applicable Statutes and subject to the provisions of paragraph 12.4 of this Mol, the Board shall:

- 10.2.1 direct the Corporation both as to strategy and structure;
- 10.2.2 use all of its powers and duties to ensure that the Executive Committee implements the Corporation's strategy as approved from time to time;
- 10.2.3 ensure that the Corporation has adequate systems of operational, financial and ethical internal controls;
- 10.2.4 approve and monitor the activities of the GCEO, the CFO and the COO (as the case may be);
- 10.2.5 be notified regarding the appointment of Senior Executives which shall be carried out by the Executive Directors unless resolved otherwise by the Board;
- 10.2.6 provide information on the activities of the Corporation to those entitled to it; and
- 10.2.7 ensure that the Corporation operates ethically.

### 10.3 Executive Committee

- 10.3.1 The GCEO shall establish an Executive Committee in accordance with applicable statutes subject to the delegation of authority.
- 10.3.2 The Board may give input to the GCEO on the composition of the Executive Committee.

## 11 GENERAL MEETINGS

### 11.1 Special General Meetings

- 11.1.1 The Board or the Minister may call a Special General Meeting at any time whenever either of them deems it to be desirable, on such date, at such place and at such time as shall be determined by the Minister or the Board, as the case may be.
- 11.1.2 The notice requesting a Special General Meeting must describe the specific purpose for which the meeting is proposed.

### 11.2 Annual General Meeting

- 11.2.1 The Board must convene an Annual General Meeting once in every calendar year, but no more than 15 (fifteen) months after the date of the previous Annual General Meeting, or within an extended time allowed by the Companies Tribunal (as defined in the Companies Act), on good cause shown.
- 11.2.2 At every Annual General Meeting the following business must, as a minimum, be transacted:
- 11.2.2.1 presentation of the Directors' report; audited financial statements for the immediately preceding financial year; and an Audit Committee report;
  - 11.2.2.2 appointment of the auditors for the ensuing financial year. In the event of the Auditor General having elected to conduct the audit of the Corporation, the appointment must be done in terms of the requirements of the Public Audit Act 25 of 2004, as amended;
  - 11.2.2.3 appointment of members of the Audit Committee; and
  - 11.2.2.4 any matters raised by the Minister, with or without advance notice to the Corporation.

### 11.3 Time and Place of General Meetings

All General Meetings and all adjourned General Meetings shall be held at such time and place as the Minister shall determine and at all times the Minister or his or her

nominee shall be present.

#### 11.4 Notice of meeting

- 11.4.1 The notice of a General Meeting must be in writing, and must include:
- 11.4.1.1 the date, time and place for the meeting;
  - 11.4.1.2 the general purpose of the meeting, and any specific purpose contemplated in paragraph 11.1.2 of this Mol, if applicable;
  - 11.4.1.3 a copy of any proposed resolution which is to be considered and passed at the meeting, together with any other information that the Minister shall require in order to adequately apply his or her mind in respect of the resolution to be passed;
  - 11.4.1.4 in the case of an Annual General Meeting, copies of the information contemplated in paragraph 11.2.2 of this Mol.
- 11.4.2 Subject to the provisions of paragraph 11.4.4 of this Mol, in the event of the meeting being requested by the Board, the Corporation shall issue the Minister with a notice at least 21 (twenty one) days before the contemplated meeting, subject to the Minister having a right to determine a longer or shorter period with the consent of the Board, which consent shall not be unreasonably withheld.
- 11.4.3 Whenever notice of a meeting is given pursuant to this Mol, the Corporation shall forward a copy thereof to its auditors.
- 11.4.4 Notwithstanding the fact that a meeting of the Corporation is called by giving shorter notice than that laid down in this Mol, the said meeting shall be deemed to have been duly called if it is so agreed by the Minister.

#### 11.5 Quorum

There shall be no *quorum* unless the Minister is present at the meeting, in person or by proxy.

#### 11.6 Adjourned meeting

Should a *quorum* not be present within 1 (one) hour after the appointed time, a General Meeting, if convened by or on a requisition of the Shareholder, shall be dissolved.

#### 11.7 Chairperson of General Meeting

- 11.7.1 The chairperson of the Board for the time being shall be the chairperson of each General Meeting, provided that if the chairperson is not present or not willing to act, the deputy chairperson shall act in his or her absence and when so acting exercise or perform any functions of the chairperson.

- 11.7.2 In the eventuality of the chairperson or deputy chairperson not being able to be present or not willing to act, the Directors present may appoint any of them to act as chairperson for that particular General Meeting, and when so acting exercise or perform any functions of the chairperson.

#### **11.8 Round Robin Resolutions**

- 11.8.1 A written resolution signed by the Minister shall be as valid and effectual as a resolution passed at a General Meeting duly called and constituted.
- 11.8.2 Notwithstanding provisions of paragraph 11.9.1, any business of the Corporation that is required by the Companies Act to be conducted at an Annual General Meeting of the Corporation, may not be conducted in the manner contemplated in paragraph 11.9.1.

#### **11.9 Shareholder Reserved Matters**

- 11.9.1 A Shareholder Meeting may be called at any time to deal with any matter if any written and signed demand for a meeting are received from the Minister then the Board is obliged to convene a shareholders meeting.
- 11.9.2 No resolution of the Board in respect of the matters listed below shall be effective unless the prior approval of the Minister is obtained:
- 11.9.2.1 approval of the Corporate Plan;
  - 11.9.2.2 incorporation of a subsidiary, subject to provisions of section 54 of the PFMA;
  - 11.9.2.3 materiality and significance framework issued by the Minister on an annual basis, which the Corporation shall take into account in developing;
  - 11.9.2.4 matters requiring the approval of the Minister in terms of PFMA notwithstanding that same are not considered matters to be resolved by shareholders in terms of the Companies Act;
  - 11.9.2.5 any issue of securities convertible into Shares;
  - 11.9.2.6 any merger or consolidation involving the Corporation or any of its subsidiaries; and
  - 11.9.2.7 any winding up or liquidation of the Corporation or any subsidiary.

## **12 THE BOARD, DIRECTORS AND MEETINGS OF THE BOARD**

### **12.1 Constitution of the Board of Directors**

Subject to the Broadcasting Act, the Board of the Corporation shall consist of 15



(fifteen) Directors, as follows:

- 12.1.1 At least 12 (twelve) of whom shall be Non-Executive Directors who shall be appointed in accordance with the provisions of the provisions of section 13 of the Broadcasting Act read with section 66(4)(a)(i) of the Companies Act; and
- 12.1.2 3 (three) of whom shall be executive Directors in terms of section 12(b) of the Broadcasting Act of 1999.

## 12.2 Appointment of Non-Executive Directors

The non-executive Directors shall be appointed by the President on the advice of the National Assembly and subject to the provisions of section 13 of the Broadcasting Act.

## 12.3 Chairperson and Deputy Chairperson of the Board

- 12.3.1 The President shall designate one of the Non-Executive Directors of the Board as the chairperson and another member as a deputy chairperson.
- 12.3.2 The deputy chairperson must, when the chairperson is absent or unable to perform his or her duties, act in his or her stead and when so acting, exercise or perform any function of the chairperson.

## 12.4 Delegation and Assignment

- 12.4.1 The Board may delegate any of its powers and assign any of its duties to any member of the Board or any committee established by the Board, the GCEO, the CFO, the COO or any employee of the Corporation, on such terms and conditions as the Board may determine and amend or revoke such delegation or assignment only in writing, and such delegation may include delegation to persons who are not Directors of the Corporation, but any such person must not be ineligible or disqualified to be a Director in terms of section 69 of the Companies Act and no such person has a vote on a matter to be decided by the Board.
- 12.4.2 Notwithstanding the delegation contemplated in paragraph 12.4.1 of this Mol, the Board is not divested of any power or duty so delegated or assigned.
- 12.4.3 The creation of a committee, delegation of any power to a committee or action taken by a committee, does not alone satisfy or constitute compliance by a Director with the required duty of a Director to the Corporation as set out in section 72(3) of the Companies Act.
- 12.4.4 Upon such delegation the Board must communicate to the delegate or assignee in writing and such notice must contain full particulars of the

matters being delegated or assigned and of the conditions subject to which the power may be exercised or duty must be performed.

- 12.4.5 The Board may not delegate:
- 12.4.5.1 the power to appoint the GCEO, the CFO and/or the COO;
  - 12.4.5.2 its role in deciding on the appointment of the GCEO, the CFO or the COO;
  - 12.4.5.3 the mandate and the approval of the strategic plan of the Corporation.
- 12.4.6 Delegations of authority must be reviewed annually and a Board approved copy must be presented to the Minister for noting and record purposes.

## 12.5 Appointment of the GCEO, the CFO and the COO

- 12.5.1 The GCEO, CFO and COO (as the case may be) shall be appointed by the non-executive members of the Board, pursuant to the Board having embarked on a process which will encompass the following:
- 12.5.1.1 the Board shall approve the Job Specification prior to embarking on the process of recruiting suitable candidates;
  - 12.5.1.2 the Board shall advertise and/or employ any other executive search mechanism to source potential candidates;
  - 12.5.1.3 the Board shall ensure that the Governance and Nominations Committee of the Board conducts interviews and compile a shortlist of at least 3 (three) preferred candidates, in order of preference, who are suitable to hold the contemplated position including any motivation that the Governance and Nominations Committee considers necessary to make;
  - 12.5.1.4 the Governance and Nominations Committee may recommend less than 3 (three) candidate in the event that there are less than 3 (three) candidates who are suitable to hold the contemplated position;
  - 12.5.1.5 the Board shall make the appointment subject to all the applicable rules and legislation being complied with and inform the Minister accordingly.
- 12.5.2 Any Executive Director appointed in terms of paragraph 12.5 of this MoI shall enter into a contract of employment with the Corporation on terms and conditions as determined by the Board, provided that the term of employment shall not exceed a period of 5 (five) years.

- 12.5.3 In addition to the on-going performance assessment, which must *be* conducted at least bi-annually, the Board shall, within 6 (six) months prior to the expiry of the term of office of any of the GCEO, CFO or COO (as the case may be), undertake a performance assessment of any of the GCEO, CFO or COO (as the case may be) whose term is to expire in order to determine whether the GCEO, CFO or COO (as the case may be) be re-appointed or not.
- 12.5.4 The Board's decision on whether the GCEO, CFO or COO (as the case may be) should be re-appointed, including the terms and conditions on which he or she has to be re-appointed shall be presented to the Minister for noting and record purposes.
- 12.5.5 As soon as the Board becomes aware that a vacancy has arisen the Board shall embark on a search for candidates as set out in paragraph 12.5 of this Mol.

#### **12.6 Performance Management of the GCEO, CFO and COO**

- 12.6.1 The GCEO shall report directly to the Board and is accountable to the Board. The CFO and the COO shall report directly to the GCEO and remain accountable to the Board.
- 12.6.2 The Board shall have all the rights and powers to performance manage the GCEO, CFO or COO (as the case may be), which rights and powers shall include setting of performance targets or any other performance system determined by the Board, and monitoring the performance of the GCEO, CFO or COO (as the case may be).
- 12.6.3 The Board shall have all the rights and powers to institute any disciplinary proceedings against any of the GCEO, CFO or COO (as the case may be), which will include all powers to terminate the employment contract, including the right and power to suspend the employment of the GCEO, CFO or COO (as the case may be), on such terms and conditions as the Board deems necessary.
- 12.6.4 The Board shall delegate to the GCEO all its powers in terms of clauses 12.6.2 and 12.6.3 for the performance management and disciplinary processes in respect of the CFO or the COO, as the case may be.

#### **12.7 Acting GCEO, COO and CFO**

- 12.7.1 The Board may in writing appoint any senior employee of the Corporation whom it deems fit to act as GCEO, COO or CFO (as the case may be) in the event of:

- 12.7.1.1 the Board determining that it is foreseen that the GCEO, COO or CFO (as the case may be) shall be absent from office for a period exceeding 3 (three) months due to incapacitation; or
  - 12.7.1.2 when an of the GCEO, COO or CFO (as the case may be) who is *an ex officio* Director, having become ineligible to serve as a Director as contemplated in 13.1 of this Mol and the provisions of the Companies Act;
  - 12.7.1.3 the GCEO, COO or CFO (as the case may be) has been suspended from office; or
  - 12.7.1.4 a vacancy arises and the Board has not completed the process set out in paragraph 12.5 of this Mol.
- 12.7.2 With respect to the appointment of an acting CFO, the Board shall only appoint such person after the Audit & Risk Committee has satisfied itself that the person has the requisite skill to undertake the functions of a chief financial officer of the Corporation.
- 12.7.3 Any person acting as the CEO, CFO or COO (as the case may be) may exercise all the powers and must perform all the duties of the particular office, as the case may be.
- 12.7.4 Any person appointed to act in the stead of GCEO, CFO or COO (as the case may be) shall only be appointed for a period not exceeding 4 (four) months.

## 12.8 Alternate Directors

No Director shall be entitled to appoint an alternate Director.

## 12.9 Term of Office of Non-Executive Directors

- 13.9.1 Subject to the Broadcasting Act, the members of the Board must hold office for such period as the President may determine which period must not exceed five (5) years.
- 13.9.2 Subject to the Broadcasting Act, a member of the Board appointed to fill a casual vacancy must hold office for the unexpired portion of the period for which the vacating member was appointed.

## 12.10 Assessment of Board Performance

The chairperson shall cause the performance of the Board, its committees and individual Directors to be assessed annually and shall cause the results to be furnished to the Minister within 14 (fourteen) days from conclusion, together with recommendations on any action to be taken pursuant to such assessment.

**12.11 Remuneration of Non-Executive Directors**

- 12.11.1 The Non-Executive Directors, in their capacity as such, shall be entitled to such remuneration as recommended by the Governance & Nominations Committee to the Board and approved by the Minister, taking into consideration prescriptions and guidelines issued by the Minister for the Public Service and Administration and the National Treasury, the size and complexity of the business of the Corporation.
- 12.11.2 A Non-Executive Director shall be paid reasonable expenses properly and necessarily incurred by him or her concerning the business of the Corporation, including, without limitation, reasonable travelling and out of pocket expenses, provided that the incurrence of such expenses have been approved in advance by the chairperson, and in respect of the approval of the board chairperson's expenses such approval to be granted by the chairperson of the Audit & Risk Committee ("the Chairpersons") and the Chairpersons shall not have the right to ratify any expenses incurred without his or her prior approval, in which event such expenses shall not be reimbursable.
- 12.11.3 All reimbursable expenses shall be recorded in writing and form part of the records to be maintained by the Corporation as contemplated in paragraph 16 of this Mol.
- 12.11.4 Other than for being remunerated as Directors, being remunerated for extra services as contemplated in paragraph 12.12 of this Mol and the right to have incidental costs of acting as a Director being paid by the Corporation, a Non-Executive Director of the Corporation shall not be entitled to any other benefits, financial or otherwise.

**12.12 Remuneration for Extra Services**

- 12.12.1 As a rule, and in adherence to good corporate governance, the Corporation shall only require Non-Executive Directors to undertake extra services on behalf of the Corporation in extremely exceptional circumstances, and only if the Chairpersons of the Board and Audit & Risk Committee have formed a view that it is in the best interest of the Corporation that such Non-Executive Director undertake such extra services instead of a full time employee of the Corporation and/or an external service provider.
- 12.12.2 The Non-Executive Directors' are not to be remunerated for any extra services performed, except where such remuneration has been

prior approved by the Chairpersons of the Board and Audit & Risk Committee, and in writing.

#### **12.13 Disclosure of Remuneration of Directors**

- 12.13.1 The Corporation shall cause the remuneration of the Directors to be disclosed in the Annual Report of the Corporation.
- 12.13.2 The remuneration of the GCEO, the CFO and the COO shall be separately disclosed in the annual financial statements from the remuneration of Non-Executive Directors.
- 12.13.3 The Minister shall be provided annually with full details of the remuneration of the Directors and officers of the Corporation, and if requested, a reasonable detail of the remuneration of the employees of the Corporation.

### **13 DISQUALIFICATION, REMOVAL OF DIRECTORS AND VACATION OF OFFICE**

#### **13.1 Disqualification from Appointment**

- 13.1.1 A person may not be appointed as a Director or remain a Director if he or she:
- 13.1.1.1 is not a citizen of and not permanently resident in the Republic;
  - 13.1.1.2 is a member of Parliament, any provincial legislature or any municipal council;
  - 13.1.1.3 is an un-rehabilitated insolvent;
  - 13.1.1.4 is subject to an order of a competent court declaring such person to be mentally ill or disordered;
  - 13.1.1.5 has at any time been convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering a forged document, perjury, an offence in terms of the Prevention and Combating of Corrupt Activities Act 12 of 2004, or any other offence involving dishonesty;
  - 13.1.1.6 has been sentenced, after the commencement of the Constitution of the Republic of South Africa, 1993 (Act 200 of 1993), to a period of imprisonment of not less than one year without the option of a fine;
  - 13.1.1.7 has at any time been removed from an office of trust on account of misconduct;
  - 13.1.1.8 has any direct or indirect interest in conflict with the

business of the Corporation which in the opinion of the Board, after consultation with the Appointing Authority, is not capable of being managed and is likely to pose reputational damage to the Corporation; or

- 13.1.1.9 such person is precluded by any applicable legislation to be a Director of the Corporation.

## 13.2 Cessation of Office of Directorship

- 13.2.1 A Director shall cease to hold office as such if:
- 13.2.1.1 he or she is removed pursuant to the provisions of clause 15 and 15A of the Broadcasting Act;
  - 13.2.1.2 he or she is an *Ex Officio* Director, when his or her contract of employment is terminated or he or she is suspended from work, for any reason whatsoever;
  - 13.2.1.3 he or she is prohibited from being or is removed as or is disqualified from acting as a Director of a Corporation in terms of section 69 and section 162 of the Companies Act, read together with section 16 of the Broadcasting Act;
  - 13.2.1.4 he or she gives notice to the Corporation of his or her resignation as a Director with effect from the date provided for in such notice;
  - 13.2.1.5 he or she absents herself or himself from meetings of the Board for 3 (three) consecutive meetings without permission of the Board, except on good cause shown and the Board recommends to the National Assembly that his or her office shall be vacated, and the National Assembly recommending such removal as contemplated in section 15A(1)(a)(iii) of the Broadcasting Act;
  - 13.2.1.6 he or she knowingly is interested in any contract or proposed contract with the Corporation and fails to declare his or her interest and its nature in the manner required by the Companies Act;
  - 13.2.1.7 the Board recommends that the Appointing Authority as defined in the Broadcasting Act, after due enquiry, terminates the services of a Director on account of

misconduct or inability to perform his or her duties;

13.2.1.8 of his or her estate is sequestrated (whether provisionally or finally) or he or she surrenders his or her estate or enters into a general compromise with his or her creditors; or

13.2.1.9 he or she becomes of unsound mind.

### 13.3 Removal of a Director in terms of Section 15 & 15A of the Broadcasting Act

The Directors shall be removed according to Section 15 and 15A of the Broadcasting Act.

### 13.4 Vacancies on the Board

13.4.1 Subject to paragraph 13.5 of this Mol, a person ceases to be a Director, and a vacancy arises on the Board -

13.4.1.1 when the person's term of office as Director expires; or

13.4.1.2 in any case, if the person-

13.4.1.2.1 resigns or dies;

13.4.1.2.2 in the case of an *ex officio* Director, ceases to hold the office, title, designation or similar status that entitled the person to be an *ex officio* Director for any reason whatsoever, which may include when the person is suspended from employment and/or his or her employment contract terminated;

13.4.1.2.3 is declared delinquent by a court, or placed on probation under conditions that are inconsistent with continuing to be a Director of the Corporation, in terms of section 162 of the Companies Act;

13.4.1.2.4 becomes ineligible or disqualified in terms of section 69 of the Companies Act.

### 13.5 Resignation of Non-Executive Directors

A Non-Executive Director of the Board may resign by three month's written notice addressed to the appointing body, provided that the Appointing Body may on



good cause shown allow a shorter period.

#### **14 MEETINGS, PROCEDURE FOR HOLDING MEETING OF THE BOARD**

##### **14.1 Number of meetings**

14.1.1 The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it deems fit, provided that the Board shall meet regularly and at least once a quarter.

14.1.2 The Board shall develop an annual meeting plan ("**Planned Meetings**") for all board and committees and shall use best efforts to meet the annual meeting plan.

14.1.3 Save in the instance where the Minister has called for a special board meeting or in the instance where the Board is required to make a presentation to the National Assembly or any other body within Government, should the Board determine that there is a need for the Board to meet more than as contemplated for the Planned Meetings, the chairperson shall inform the Minister of the need to exceed the Planned Meetings, with a clear motivation as to why the Board needs to meet more frequently than was originally planned for that financial year.

14.1.4 The chairperson shall ensure that the Corporation does not exceed the Planned Meetings. In the event there is an urgent need to hold a special meetings, the Board shall accordingly inform the Minister of such extra meetings.

##### **14.2 Quorum for Board Meeting**

For as long as the Broadcasting Act applies to the Corporation, the quorum of the Board shall be in accordance with the provisions of the Broadcasting Act.

##### **14.3 Convening a meeting**

14.3.1 The chairperson may, or the Company Secretary at the request of a Director, in consultation with the chairperson, shall at any time convene a meeting of the Board.

14.3.2 Notwithstanding the provisions of paragraph 14.3.1 of this Mol, the Company Secretary or the chairperson must call such a meeting if required to do so by at least 25% (twenty five percent) of the Directors in office.

##### **14.4 Notice of meetings**

The Board of the Corporation may determine the form and time for giving notice

of its meetings, subject however to compliance with the provisions of the Companies Act.

**14.5 Absence of a Chairperson and/or Deputy Chairperson**

14.5.1 If at any meeting the chairperson is absent or unable to perform his or her duties, the deputy chairperson shall act in his or her stead and when so acting, exercise or perform the function of the Chairperson.

14.5.2 If at any meeting both the chairperson and the deputy chairperson are absent or none of them are able to perform their duties due to a conflict of interest, then the Directors present shall appoint one of them as a chairperson of that meeting and such chairperson shall act in his or her stead and when so acting, exercise or perform the function of the Chairperson. When the decision/voting is done of the subject matter the conflicted chairperson/deputy chairperson must be present to ensure that the meeting is quorate.

**14.6 Casting vote**

All questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson shall not have a second or casting vote.

**14.7 Minutes of the Board and Committees of the Board and General Meetings**

14.7.1 The Board and Board Committees must cause minutes to be kept in accordance with section 73(6) of the Companies Act, which shall include the following particulars:

14.7.1.1 any declaration given by notice made by a director or required by section 75 of the Companies Act;

14.7.1.2 the names of the Directors present at each meeting of the Board or Board Committee; and

14.7.1.3 all resolutions and proceedings at each Board meeting, each meeting of Board Committees, General Meetings and any other meetings as the Board deems fit.

14.7.2 Resolutions adopted by the Board or Board Committees must be dated and sequentially numbered; and are effective as of the date of the resolution, unless the resolution states otherwise.

**14.8 Signing of Minutes**

Minutes shall be signed by the chairperson of the meeting at which the proceedings took place or by the chairperson of the next succeeding meeting and

shall be evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be.

**14.9 Extracts from minutes**

14.9.1 Any extract from or copy of minutes purporting to be signed by:

14.9.1.1 the chairperson of that meeting; or

14.9.1.2 the Company Secretary:

shall be *prima facie* proof of the facts therein stated.

**14.10 Directors' Round Robin Resolution**

14.10.1 A decision that could be voted on at a meeting of the Board may instead be adopted by written consent of at least 9 (nine) members (being the quorum of the Board) of the Directors eligible to cast a vote in respect of the matter, by Electronic Communication, provided that each Director has received notice of the matter to be decided. For avoidance of doubt, any Director that would have been required to recuse themselves at a meeting of the Board shall not be counted in the determination of voting by Round Robin Resolution. In the event that only Non-Executive Directors are eligible to cast a vote in respect of a matter a written consent of the majority of the Non-Executive Directors eligible to vote in respect of the given by Electronic Communication shall constitute a decision of the Board, provided that each Non-Executive Director has received notice of the matter to be decided.

14.10.2 A decision made in the manner contemplated in paragraph 14.10.1 is of the same effect as if it had been approved by voting at a meeting of the Corporation.

14.10.3 Such written resolution may consist of one or more documents signed by one or more Directors and shall be delivered to the Corporation Secretary without delay, and shall be recorded by him or her in the Corporation's minute book.

14.10.4 Such written resolution shall be deemed to have been passed on the day it was signed by the last Director, unless a statement to the contrary is made in the resolution.

14.10.5 A written resolution which is not signed by the number of Directors contemplated in clause 14.10.1 above shall be inoperative until confirmed by a meeting of the Board.

**14.11 Board and Committee meetings by Electronic Communication**

The meeting of the Board or any committee of the Board may be held by Electronic Communication so long as the electronic communication facility employed ordinarily enables all the persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

**15 DUTIES OF THE BOARD AND INDIVIDUAL DIRECTORS****15.1 Fiduciary Duties of the Board of Directors**

16.1.1 A Director must perform his or her functions at all times with the utmost good faith, honesty and integrity, care and diligence and, in furtherance of his or her functions, without limiting his or her fiduciary duties, must:

- 15.1.1.1 take reasonable steps to inform himself or herself about the Corporation, its business and activities and the circumstances in which it operates;
- 15.1.1.2 take reasonable steps, through the processes of the Board, to obtain sufficient information and advice about all matters to be decided by the Board to enable him or her to make conscientious and informed decisions;
- 15.1.1.3 exercise an active and independent discretion with respect to all matters to be decided by the Board;
- 15.1.1.4 not make improper use of his or her position as a member of the Board or of information acquired by virtue of his or her position as a Director;
- 15.1.1.5 never permit a conflict of duties and interests in violation of law;
- 15.1.1.6 act independently;
- 15.1.1.7 ensure that the Minister is fully informed of any material matter affecting the Corporation's business, with openness and substance rather than form;
- 15.1.1.8 exercise the care and skill which can reasonably be expected of a person with his or her expertise;
- 15.1.1.9 always act in the best interests of the Corporation and never for any improper interest;
- 15.1.1.10 ensure that confidential matters of the Corporation,

learned or obtained in their capacity as Director, should be treated as such and not be divulged to anyone without the authority of the Corporation;

15.1.1.11 ensure that the Corporation prepares annual budgets against which the Corporation's performance can be monitored; and

15.1.1.12 be satisfied that they are in a position to make informed decisions.

## 15.2 Managing Conflict of Interest

15.2.1 A Director shall not vote in respect of any contract or proposed contract with the Corporation in which he or she is interested, or any matter arising therefore, and if he or she does so vote, that vote shall not be counted.

15.2.2 A Director must disclose any financial interest he or she has in respect of matters to be discussed at any meeting of the Board and/or committees, and its general nature, before the matter is considered at the meeting.

15.2.3 If requested to do so by the other Directors, a Director must disclose any material information relating to the matter known to the Director, disclose any observations or pertinent insights relating to the matter, and if present at the meeting must leave the meeting immediately after making any such disclosures.

15.2.4 A Director may not be present, or take part in, the discussion of or the taking of a decision on any matter before the Board in which that Director or his or her family member, business partner or associate has a direct or indirect interest.

15.2.5 A Director or his or her family member, business partner or associate or an organisation or enterprise in which a Director or his or her family member, business partner or associate has a direct or indirect interest, may not:

15.2.5.1 offer goods or services to the Corporation or conclude any business with the Corporation; or

15.2.5.2 make improper use, in any manner whatsoever, of the position of a Board member or of any information acquired by a Board member by virtue of his or her position as a Board member.

**15.3 Duties of the Board as the Accounting Authority**

In exercising their duties, the Board and each Director must ensure that the Corporation complies with the provisions of the PFMA applicable to the Corporation.

**16 MAINTENANCE OF COMPANY RECORDS**

16.1.1 The Corporation must keep accurate and complete accounting records in one of the official languages of the Republic as necessary to enable the Corporation to satisfy its obligations in terms of the Companies Act or any other law with respect to the preparation of financial statements; and including any prescribed accounting records, which must be kept in the prescribed manner and form.

16.1.2 Any documents, accounts, books, writing, records or other information that the Corporation is required to keep in terms of the Companies Act or any other public regulation must be kept in written form, or other form or manner that allows that information to be converted into written form within a reasonable time; and for a period of seven years, or any longer period of time specified in any other applicable public regulation.

**16.2 Records of Memorandum of Incorporation**

The Corporation must maintain:

16.2.1 a copy of this Mol, and any amendments or alterations to it, and any rules of the Corporation made in terms of section 15(3) to (5) of the Companies Act;

16.2.2 a record of its Directors, including details of any person who has served as a Director of the Corporation, for a period of seven years after the person ceases to serve as a Director.

**16.3 Records of General Meetings**

The Corporation must maintain copies of all:

16.3.1 reports presented at an Annual General Meeting of the Corporation, for a period of seven years after the date of any such meeting;

16.3.2 annual financial statements required by the Companies Act, for seven years after the date on which each such particular statements were issued; and

16.3.3 accounting records required by the Companies Act, for the current financial year and for the previous seven completed financial years of the Corporation;

16.3.4 notice and minutes of all General Meetings, including all resolutions

adopted by them, for seven years after the date each such resolution was adopted; and any document that was made available by the Corporation to the Shareholder in relation to each such resolution.

#### **16.4 Record of Board and Committee Meetings**

The Corporation must maintain -

- 16.4.1 minutes of all meetings and resolutions of the Board, Board Committees and the Audit Committee for a period of 7 (seven) years after the date of each such meeting; or on which each such resolution was adopted;
- 16.4.2 with respect to members of the Audit Committee, any professional qualifications and experience of the members of the Audit & Risk Committee;
- 16.4.3 the records of its company secretaries and auditors, including, in respect of each person appointed as Company Secretary or auditor of the Corporation; the name, including any former name, of each such person; and the date of every such appointment; and if a firm or juristic person is appointed, the name, registration number and registered office address of that firm or juristic person; and the name of any individual contemplated in section 90 of the Companies Act.

#### **16.5 Records of Particulars of Directors**

The Corporation's record of Directors must include, in respect of each Director, that person's:

- 16.5.1 full name, and any former names;
- 16.5.2 identity number or, if the person does not have an identity number, the person's date of birth;
- 16.5.3 nationality;
- 16.5.4 occupation;
- 16.5.5 date of their most recent election or appointment as Director of the Corporation;
- 16.5.6 name and registration number of every other company or foreign company of which the person is a Director; and
- 16.5.7 any other prescribed information.

**16.6 Location of company records**

The records referred to in paragraph 16.2 must be accessible at or from the Corporation's registered office or another location, or other locations, within the Republic.

**16.7 Access to company records and financial statements or related information**

The Minister, or any person, who holds or has a beneficial interest in the Corporation, has a right to inspect and copy the information contained in the records of the Corporation maintained by the Corporation.

**17 CORPORATE PLANS, REPORTING AND SHAREHOLDER'S COMPACT****17.1 Preparation of Corporate Plans**

17.1.1 The Corporation and its subsidiaries shall submit their Corporate Plan to the Department of Communications and to the National Treasury, at least 1 (one) month or another period agreed with the National Treasury, before the start of its financial year, as prescribed in section 52 of the PFMA for approval by the Minister:

17.1.1.1 a projection of revenue, expenditure and borrowings for that financial year in the prescribed format; and

17.1.1.2 a Corporate Plan in the prescribed format covering the affairs of the Corporation for the following 3 (three) financial years, complying with the specifications set out in Regulation 29.1.1 of the Treasury Regulations.

17.1.2 The Corporation shall consider any comments by the Minister on the Corporate Plan that are made within 1 (one) month of the submission of such plans, and shall submit the final Corporate Plan to the Minister within 1 (one) month after receipt of such comments.

17.1.3 The final Corporate Plan may be modified at any time by written notice from the Corporation to the Minister, provided that the Corporation has first given written notice to the Minister of the proposed modification and considered any comments made thereon by the Minister within 1 (one) month of the date on which such notice was given.

17.1.4 The Corporation shall, on request of the Minister adjust its borrowing requirements if the Minister, based on independent financial advice and in consultation with the Minister of Finance, is of the opinion that:

17.1.4.1 the proposed borrowing requirements or the terms thereof may lead to an imprudent ratio between



equity and interest bearing debt or strain the anticipated cash flow of the Corporation, as the case may be; or

17.1.4.2 the Corporation is unable to demonstrate adequate cover against any exchange rate risk in respect of borrowings in foreign currency.

17.1.5 The Corporation shall, on request of the Minister adjust the proposed exchange rate risk insurance cover if the Minister, based on independent advice, is of the opinion that such cover is inadequate.

## **17.2 Shareholders Compact**

17.2.1 The Corporation must annually by a date determined by the Minister, and in consultation with the Minister, annually conclude a Shareholder Compact as contemplated in Regulation 29.2 of the Treasury Regulations. The Shareholder's Compact must document the mandated key performance measure and indicators to be attained by the Corporation as agreed between the Corporation and the Minister.

17.2.2 The Corporation must, after concluding the Shareholder's Compact with the Minister and after the approval of Corporate Plan by Parliament, conclude Shareholder's Compacts with all its subsidiaries and performance contracts of Executive Directors in terms of which the performance of the subsidiaries and Executive Directors shall be measured for the following year, and provide the Minister with copies of the Shareholder's Compacts and Contracts concluded with the subsidiaries and Executive Directors.

17.2.3 The Corporation must on a quarterly basis submit a performance report to the Minister, including the performance report of each of its subsidiaries.

17.2.4 Final Shareholder's Compacts may be modified at any time by written notice from the Corporation to the Minister, provided that the Corporation has first given written notice to the Minister of the proposed modification and considered any comments made thereon by the Minister within one (1) month of the date on which such notice was given.

## **18 COMMITTEES OF THE BOARD**

### **18.1 Public Service Committee and Commercial Service Committee**

- 18.1.1 The Board must in accordance with provisions of the Broadcasting Act, establish two permanent committees of the Board namely the Public Service Committee and the Commercial Service Committee.
- 18.1.2 The Public Service Committee and the Commercial Service Committee shall advise the Board on all matters relating to the implementation of Policy objectives of the Public Service Division and the Commercial Service Division of the Corporation as outlined in the Broadcasting Act.
- 18.1.3 The Public Service Committee and the Commercial Service Committee shall report to the Board on the extent to which the Public Service Division and the Commercial Service Division have achieved their respective mandates as provided in the Broadcasting Act.
- 18.1.4 The Board may at its discretion, delegate such other powers to the two subcommittees, as it deems necessary for the execution of its responsibilities as contained in the Broadcasting Act.
- 18.1.5 The authority of the Board to make such delegation includes the authority to establish the rules and policies relating to the activities of such committees, including the convening, adjourning and dissolving of meetings thereof and matters relating to quorum at such meetings.

**18.2 Audit & Risk Committee**

- 18.2.1 Subject to the provisions of section 25 of the Broadcasting Act, the Corporation shall also establish an Audit & Risk Committee in terms of section 94 of the Companies Act comprising at least 3 (three) non-executive Directors who must not be disqualified in the manner contemplated in section 69 of the Companies Act.
- 18.2.2 The majority of the members of the Audit & Risk Committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management, or any other qualifications as may be prescribed by the minister as defined in the Companies Act.
- 18.2.3 The external auditor principally responsible for the audit of the Corporation, shall attend meetings of the Audit & Risk Committee.
- 18.2.4 The Audit & Risk Committee shall have, amongst others, the following duties:
- 18.2.4.1 If the Auditor General has not elected to carry out the

- audit of the Corporation, to nominate, for appointment as auditor of the Corporation under section 90 of the Companies Act, a registered auditor who, in the opinion of the Audit & Risk Committee, is independent of the Corporation;
- 18.2.4.2 to determine the fees to be paid to the auditor and the auditor's terms of engagement;
- 18.2.4.3 to ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
- 18.2.4.4 to determine, subject to the provisions of the Companies Act, the nature and extent of any non-audit services that the auditor may provide to the Corporation, or that the auditor must not provide to the Corporation;
- 18.2.4.5 to pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Corporation;
- 18.2.4.6 to prepare a report, to be included in the annual financial statements for that financial year:
- 18.2.4.6.1 describing how the Audit & Risk Committee carried out its functions;
- 18.2.4.6.2 stating whether the Audit & Risk Committee is satisfied that the auditor was independent of the Corporation; and
- 18.2.4.6.3 commenting in any way the Audit & Risk Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Corporation.
- 18.2.4.7 to receive and deal appropriately with any concerns or complaints, whether from within or outside the Corporation, or on its own initiative, relating to:-
- 18.2.4.7.1 the accounting practices and internal audit of the Corporation;
- 18.2.4.7.2 the content or auditing of the Corporation's financial statements;

- 18.2.4.7.3 the internal financial controls of the Corporation; or
  - 18.2.4.7.4 any related matter.
  - 18.2.4.8 to make submissions to the Board on any matter concerning the Corporation's accounting policies, financial control, records and reporting; and
  - 18.2.4.9 to perform other functions determined by the Board, including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes within the Corporation.
- 18.2.5 In considering whether, for the purposes of Part D of Chapter 3 of the Companies Act, a registered auditor is independent of the Corporation, the Audit & Risk Committee must:-
- 18.2.5.1 ascertain that the auditor does not receive any direct or indirect remuneration or other benefit from the Corporation, except:
    - 18.2.5.1.1 as auditor; or
    - 18.2.5.1.2 for rendering other services to the Corporation, to the extent permitted in terms of paragraph 18.2.4.4;
    - 18.2.5.1.3 consider whether the auditor's independence may have been prejudiced:-
      - 18.2.5.1.3.1 as a result of any previous appointment as auditor; or
      - 18.2.5.1.3.2 having regard to the extent of any consultancy, advisory or other work undertaken by the auditor for the Corporation; and
  - 18.2.5.2 consider compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act 26 of 2005, in relation to the Corporation.

- 18.2.6 Nothing in this section precludes the appointment by the Corporation at its Annual General Meeting of an auditor other than one nominated by the Audit & Risk Committee, but if such an auditor is appointed, the appointment is valid only if the Audit & Risk Committee is satisfied that the proposed auditor is independent of the Corporation.
- 18.2.7 Neither the appointment nor the duties of the Audit & Risk Committee reduce the functions and duties of the Board or the Directors of the Corporation, except with respect to the appointment, fees and terms of engagement of the auditor.
- 18.2.8 The Corporation must pay all expenses reasonably incurred by the Audit & Risk Committee, including, if the Audit & Risk Committee considers it appropriate, the fees of any consultant or specialist engaged by the Audit & Risk Committee to assist it in the performance of its functions.

### 18.3 Social and Ethics Committee

- 18.3.1 The Corporation shall establish a social and ethics committee comprising of not less than 3 (three) Directors or prescribed officers of the Corporation, at least one of whom must be a Director who is not involved in the day-to-day management of the Corporation's business and must not have been so involved within the previous 3 (three) financial years.
- 18.3.2 The social and ethics committee shall have the following functions, amongst others:
- 18.3.2.1 to monitor the Corporation's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to Social and economic development, including the Corporation's standing in terms of the goals and purposes of:-
- 18.3.2.1.1 the 10 (ten) principles set out in the United Nations Global Compact Principles;
- 18.3.2.1.2 the OECD recommendations regarding corruption;
- 18.3.2.1.3 the Employment Equity Act;
- 18.3.2.1.4 the Broad-Based Black Economic

Empowerment Act;

18.3.2.1.5 Good corporate citizenship, including the Corporation's:

18.3.2.1.5.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;

18.3.2.1.5.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed, and

18.3.2.1.5.3 record of sponsorship, donations and charitable giving;

18.3.2.1.6 the environmental, health and public safety, including the impact of the Corporation's activities and of its products or services;

18.3.2.1.7 consumer relationships, including the Corporation's advertising, public relations and compliance with consumer protection laws; and

18.3.2.1.8 labour and employment, including:

18.3.2.1.8.1 the Corporation's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and

18.3.2.1.8.2 the Corporation's employment relations and its contribution toward the educational development of its employees;

18.3.2.3 to draw matters within its mandate to the attention of the Board as occasion requires; and

18.3.2.4 to report, through one of its members, to the Minister as the shareholder representative at the Annual General Meeting on the matters within its mandate.

#### 18.4 Other Board Committees

18.4.1 The Board of the Corporation may appoint any number of committees of Directors and delegate to any committee any of the authority of the Board, unless expressly prohibited from doing so by any Applicable Statutes, or by this Mol.

18.4.2 The Board shall at all times ensure that any decision taken and any exercise of management powers is not inconsistent with any Applicable Statutes or this Mol; and complies with any Applicable Statutes or any resolution passed by a General Meeting in respect of matters set out in paragraph 11.9 of this Mol.

18.4.3 Except to the extent that the resolution establishing a committee, provides otherwise, the committee:

18.4.3.1 may include persons who are not Directors of the Corporation, but any such person must not be ineligible or disqualified to be a Director in terms of section 69 of the Companies Act; and no such person has a vote on a matter to be decided by the committee;

18.4.3.2 may consult with or receive advice from any person; and

18.4.3.3 has the full authority of the Board in respect of a matter referred to it.

18.4.4 The creation of a committee, delegation of any power to a committee, or action taken by a committee, does not alone satisfy or constitute compliance by a Director with the required duty of a Director to the Corporation, as set out in section 76 of the Companies Act.

18.4.5 Any committee constituted by the Board in terms of this paragraph 18.4, shall, in the exercise of its delegated powers, comply with any mandates and instructions which may be prescribed or given by the Board from time to time except with respect to any authority which the Board has delegated exclusively to any committee.

18.4.6 Notwithstanding the delegation contemplated in paragraph 13.4 of

this Mol, the Board is not divested of any power or duty so delegated or assigned.

- 18.4.7 Upon such delegation the Board must communicate to the delegate or assignee in writing and such notice must contain full particulars of the matters being delegated or assigned and of the conditions subject to which the power may be exercised or duty must be performed.
- 18.4.8 The Board may not delegate:
- 18.4.8.1 the power to appoint the CEO, the CFO and/or the COO; and
  - 18.4.8.2 its role in deciding on:
    - 18.4.8.2.1 the appointment of the CEO, the CFO or the COO;
    - 18.4.8.2.2 the mandate and strategic plan of the Corporation.
- 18.4.9 Delegations of authority must be reviewed annually and a Board approved copy is to be presented to the Minister.

## 19 INDEMNITY AND LIABILITY

### 19.1 Liability of Directors

- 19.1.1 A Director of the Corporation may be held liable in accordance with the principles of common law relating to:
- 19.1.1.1 breach of a fiduciary duty, for any loss, damages or costs sustained by the Corporation as a consequence of any breach by such Director of a fiduciary duty contemplated in sections 75, 76(2) or 76(3)(a) or (b) of the Companies Act; or
  - 19.1.1.2 delict for any loss, damages or costs sustained by the Corporation as a consequence of any breach by such Director of a duty contemplated in section 76(3)(c) of the Companies Act.
- 19.1.2 A Director of the Corporation is liable for any loss, damages or costs sustained by the Corporation as a direct or indirect consequence of the Director having:
- 19.1.2.1 acted in the name of the Corporation, signed anything on behalf of the Corporation, or purported to bind the



Corporation or authorise the taking of any action by or on behalf of the Corporation, despite knowing that he/she lacked authority to do so;

- 19.1.2.2 acquiesced in the carrying on of the Corporation's business despite knowing that it was conducted recklessly, with gross negligence, with intent to defraud any person or for fraudulent purposes as contemplated in section 22(1) of the Companies Act;
- 19.1.2.3 been a party to an act or omission by the Corporation despite knowing that the act or omission was calculated to defraud a creditor, employee or shareholder of the Corporation or had another fraudulent purpose;
- 19.1.2.4 signed, consented to or authorised, the publication of any financial statements of the Corporation that were false or misleading in a material respect, despite knowing that the statement was false, misleading or untrue;
- 19.1.2.5 been present at a meeting or participated in the relevant round robin resolution, failed to vote against resolutions relating to the transactions contemplated in section 77(3)(e) of the Companies Act

## 19.2 Indemnity of Directors

- 19.2.1 The Corporation may provide a Director with an indemnity in respect of any of such Director's liability except:
  - 19.2.1.1 any liability referred to in paragraphs 19.1.2.1, 19.1.2.2 and 19.1.2.3 of this Mol; or
  - 19.2.1.2 arising from willful misconduct or willful breach of trust on the part of the Director;
  - 19.2.1.2 any fine that may be imposed on a Director as a consequence of such Director having been convicted of an offence, except under circumstances where the conviction was based on strict liability as contemplated in section 78(3) of the Companies Act.
- 19.2.2 The Corporation may:
  - 19.2.2.1 advance expenses to a Director to defend litigation in any proceedings arising out of the Director's service to

the Corporation; and

19.2.2.2 directly or indirectly indemnify a Director for expenses contemplated in paragraph 19.2.2.1 of this Mol, irrespective of whether it has advanced those expenses, if the proceedings:

19.2.2.2.1 are abandoned or exculpate the Director, or

19.2.2.2.2 arise in respect of any liability in respect of which the Corporation may indemnify the Director in terms of paragraph 19.2.1 of this Mol.

19.2.3 The Corporation may take insurance to protect a Director against any liability or expenses for which the Corporation is permitted to indemnify a Director in terms of paragraph 19.2.1 of this Mol.

### **19.3 Indemnity of other officers for *Bona Fide* Acts**

Subject to any Applicable Statutes, every manager, secretary and other officer or servant of the Corporation shall be indemnified by the Corporation against loss of any nature, and it shall be the duty of the Directors out of the funds of the Corporation to pay, all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any *bona fide* contract entered into, or *bona fide* act or deed done by him or her as such officer or servant, or in any way in the *bona fide* discharge of his or her duties.

### **19.4 Exclusion of Liability for Loss and Damage by Other Officers**

Subject to any Applicable Statutes, no manager, secretary or other officer or servant, of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other officer or servant, or for joining in good faith in any receipt or other act of conformity, or for loss of expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for the Corporation, or of any security in or upon which any of the moneys of the Corporation shall be invested in good faith, or for any loss or damage arising from bankruptcy, insolvency or delictual acts of any person with whom any monies, securities or effects shall be deposited in good faith, or for any loss or damage occasioned by any good faith error of judgment or oversight on his or her part, or for any good faith loss, damage or misfortune which shall happen in the execution of the duties of his or her office, or in relation thereto, unless the same happen through his or her own negligence or

dishonesty.

## 20 ANNUAL REPORTS AND FINANCIAL STATEMENT

### 20.1 Records Required in terms of Broadcasting Act and PFMA

20.1.1 The Board must cause to be kept such books and accounting records as are prescribed by sections 10(4)(a) and 11(3)(a) of the Broadcasting Act and section 55(1)(a) of the PFMA.

20.1.2 If the Auditor-General did not perform the audit of the financial statements, the Board must submit within 5 (five) months of the end of the Corporation's financial year submit to the relevant treasury, the Minister responsible for the Corporation and, to the Auditor-General:-

20.1.2.1 an annual report on the activities of Corporation during that financial year;

20.1.2.2 the financial statements for that financial year after the statements have been audited.

### 20.2 Quarterly Reports

20.2.1 The Corporation is to prepare and provide the Minister with quarterly reports which must include particulars of:

20.2.1.1 overview of performance of the Corporation at time of reporting;

20.2.1.1.2 any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;

20.2.1.1.3 any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;

20.2.1.1.4 any losses recovered or written off;

20.2.1.1.5 any financial assistance received from the State and commitments made by the State on its behalf; and

20.2.1.1.6 any other matters that the Minister may prescribe.

### 20.3 Annual Financial Statements

20.3.1 For each financial year, the Corporation must prepare (and cause them to be audited) annual financial statements within 5 (five) months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual

general meeting in terms of section 61(7) of the Companies Act.

20.3.2 The annual financial statements of the Corporation must include but not limited to:

20.3.2.1 an auditor's report;

20.3.2.2 a report by the Directors with respect to the state of affairs, the business and profit or loss of the Corporation, or of the group of companies, if the Corporation is part of a group, including any matter material for the Minister to appreciate the Corporation's state of affairs and any prescribed information;

20.3.2.3 particulars showing:

20.3.2.3.1 the remuneration and benefits received by each Director, or individual holding any prescribed office in the Corporation;

20.3.2.3.2 the amount of any pensions paid by the Corporation to or receivable by individuals who hold or have held any prescribed office in the Corporation; and

20.3.2.3.3 any amount paid or payable by the Corporation to a pension scheme with respect to individuals who hold or have held any prescribed office in the Corporation;

20.3.2.3.4 any compensation paid in respect of loss of office to current or past Directors or individuals who hold or have held any prescribed office in the Corporation; and

20.3.2.3.5 details of service contracts of current Directors and individuals who hold any prescribed office in the Corporation.

20.3.3 The annual financial statements must be approved by the Board and signed by authorised Director/s; and be presented to the shareholder's meeting after the statements have been approved by the Board.

20.3.4 For the purposes of paragraph 20.3.2.3.1 of this Mol the term "remuneration" includes:

- 20.3.4.1 fees paid to Directors for services rendered by them to or on behalf of the Corporation, including any amount paid to a person in respect of the person's accepting the office of Director;
- 20.3.4.2 salary, bonuses and performance-related payments;
- 20.3.4.3 expense allowances, to the extent that the Director is not required to account for the allowance;
- 20.3.4.4 contributions paid under any pension scheme not otherwise required to be disclosed in paragraph 20.3.2.3.2 of this Mol.

20.3.5 The information to be disclosed under paragraph 20.3.2.3 of this Mol must satisfy the prescribed standard, and must show the amount of any remuneration paid to or receivable by persons in respect of services rendered as Directors or prescribed officers of the Corporation; or otherwise in connection with the carrying on of the affairs of the Corporation or any other Company within the same group of companies.

#### **20.4 Access to financial statements or related information**

- 20.4.1 The Minister is entitled:
  - 20.4.1.1 without demand to receive a notice of the publication of any annual financial statements of the Corporation, setting out the steps required to obtain a copy of those statements; and
  - 20.4.1.2 on demand to receive without charge one copy of any annual financial statements of the Corporation.

### **21 DISTRIBUTIONS, DIVIDENDS AND RESERVE FUNDS**

#### **21.1 Reserve Funds**

##### **21.1.1 Creation**

The Board may, before declaring or recommending any dividends, set aside out of the amount available for dividends, such sum as it thinks proper as a reserve fund or an addition to a reserve fund. The Board may divide the reserve fund into such special fund as it thinks fit, with full power to employ the assets constituting such fund or funds in the business of the Corporation, or may invest the same upon such investments (other than securities of the Corporation) as it may select.

### 21.1.2 Application

Such reserve funds shall, at the discretion of the Board, be applicable for the equalization of dividends or for making provision for exceptional losses, expenses or contingencies, for the extension or development of the Corporation's business, for writing down the value of any assets of the Corporation, repairing, improving and maintaining any buildings, plant, machinery or works connected with the business of the Corporation, to cover the loss in wear and tear or other depreciation in value of any property of the Corporation, for any of the objects or powers of the Corporation, or for any other purpose to which the profits of the Corporation may be properly applied.

## 21.2 Distributions

21.2.1 The Corporation must not make any proposed distribution unless —

21.2.1.1 the distribution

21.2.1.1.1 is pursuant to an existing legal obligation of the Corporation or a court order; or

21.2.1.1.2 the Board, by resolution, has authorised the Distribution;

21.2.1.2 it reasonably appears that the Corporation will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and

21.2.1.3 the Board, by resolution, has acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Corporation will satisfy the solvency and liquidity test immediately after completing the proposed distribution.

## 21.3 Dividends

21.3.1 Subject to the provisions of paragraph 21.2, the Board shall declare dividends as they deem necessary.

21.3.2 Dividends may be paid in any manner determined by the Corporation, including electronic funds transfer.

## 22 WINDING UP

If upon winding up the affairs of the Corporation there remain any assets, these shall be

given or transferred to such person or persons, and in such manner as the Minister shall determine.

## **23 SUBSIDIARY COMPANIES**

The Corporation may, subject to prior approval by the Minister in writing and in compliance with section 54 of the PFMA, form a subsidiary or subsidiaries; and transfer part of the undertaking of the Corporation to such subsidiary or subsidiaries, on such terms and conditions as may be specified by the said Minister, and subject to such directives as the Minister.

## **24 NOTICES**

### **24.1 Service**

**24.1.1** Subject to the provisions of this Mol, a notice shall be in writing and shall be given or served by the Corporation upon the Minister or any Director either by hand delivery, electronically or by sending it through the post, properly addressed, to:

**24.1.1.1** the Minister at such addresses shown in the register of members; and

**24.1.1.2** a Director at his or her addresses as appears in the Directors' register.

### **24.2 Time of posting**

Any notice or other document sent by post, shall be deemed to have been delivered at the time when it was posted, and in proving such delivery it shall be sufficient to prove that the notice or other document was properly addressed, stamped and posted.

### **24.3 Sufficient Notice**

A notice in terms of this paragraph shall be deemed for all purposes of this Mol to be sufficient service of that notice or other document on the Minister.

### **24.4 Notice period**

Where notice in terms of a certain number of days or of a specific period of time must be given, except where specifically otherwise provided, the day of service of the notice shall not be included in such period of time or such number of days.

### **24.5 Registered address**

The Minister shall notify to the Corporation in writing of his or her address, which shall be deemed his or her registered address within the meaning of this clause.

**PARLIAMENT**  
**OF THE**  
**REPUBLIC OF SOUTH AFRICA**

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**ANNOUNCEMENTS,**  
**TABLINGS AND**  
**COMMITTEE REPORTS**

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FRIDAY, 25 NOVEMBER 2022

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**ANNOUNCEMENTS****National Assembly****The Speaker****1. Referral to Committees of papers tabled**

- (1) The following papers are referred to the **Portfolio Committee on Justice and Correctional Services** for consideration and report:
- (a) Draft Regulations for approval, submitted in terms of 2014 (Act No 28 of 2014).
  - (b) Amendments to the Practical Guidelines for Employees, submitted in terms of section 10(4)(b) of the Protected Disclosures Act, 2000 (Act No 26 of 2000).
- (2) The following paper is referred to the **Portfolio Committee on Justice and Correctional Services**:
- (a) Domestic Violence Regulations and Directives, in terms of section 19(2) of the Domestic Violence Act, 1998 (Act No 116 of 1998).

**TABLINGS****National Assembly and National Council of Provinces****1. The Minister of Justice and Correctional Services**

- (a) Regulations submitted in terms of section 40(3)(c) of the National Prosecuting Authority Act, 1998 (Act No 32 of 1998).

**National Assembly**

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- (a) Reply by the Minister in the Presidency to Reports of the Joint Standing Committee on Intelligence on *Budget Vote No 8: National Treasury (State Security); Budget for Defence Intelligence and Budget for South African Police Service – Crime Intelligence*, as adopted by the House on 7 June 2022.

Referred to the **Joint Standing Committee on Intelligence**.

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**COMMITTEE REPORTS****National Assembly**

**1. Report of the Portfolio Committee on Communications and Digital Technologies on the filling of twelve board vacancies for the South African Broadcasting Corporation (SABC), dated 24 November 2022.**

South African Broadcasting Corporation is governed by the Broadcasting Act 4 of 1999. Section 13(1) states that 12 non-executive members of the Board must be appointed by the President on the advice of the National Assembly. With the term of the previous SABC Board that expired on 15 October 2022, the Portfolio Committee on Communications and Digital Technologies was tasked with ensuring that a new Board was nominated and appointed before the end of the term of the current Board.

A letter dated 13 June 2022 was received from the Minister of Communications and Digital Technologies (i) informing the National Assembly about the impending expiry term of office of the current South African Broadcasting Corporation (SABC) Board of Directors on 15 October 2022; and (ii) requesting the National Assembly to initiate the recruitment process in terms of section 13 of the Broadcasting Act, 1999 (Act No.4 of 1999) to constitute the SABC Board. The referral to the Committee was published on the Announcements, Tablings & Committee Reports (ATC) on 30 June 2022 during constituency period.

The Chairperson on behalf of the Committee in line with Rule 158 of NA Rules considered the letter from the Minister of Communications and Digital Technologies and resolved that the Secretariat proceed with the process of publishing an advertisement in the media calling for the nomination of persons to be appointed to constitute the SABC Board. The Committee advertised for the Board nominations, and the advert was closed on 6 August 2022. The advertisement was published in all eleven South African official languages in one national newspaper, 2 regional newspapers and 8 community newspapers. A total of 120 nominations were received including names that appeared more than once due to individuals being nominated more than once by different people and/or organisations.

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The Committee further established a seven-member Subcommittee (4 x African National Congress, 1 x Democratic Alliance, 1 x Economic Freedom Fighters and 1 x Inkatha Freedom Party) to oversee the process of constituting the SABC Board and report back to it. On 8 September 2022, the Subcommittee met to consider the criteria, skills and experience required to constitute the SABC Board and unanimously recommended that the Committee approves the following shortlisted candidates: Ms Mamodupi Mohlala-Mulaudzi; Mr David Maimela, Mr Jack Phalane; Dr Renee Horne, Prof Sathasivan Cooper; Mr Dinkwanyane Mohuba, Ms Nomvuyiso Batyi, Ms Sandika Daya, Ms Cynthia Stimpel, Adv Tseliso Thipanyane; Mr Quentin Green; Mr Mpho Tsedu; Mr Shadrack Bokaba; Prof Franz Kruger, Mr Zolile Zamisa; Mr Langa Zita; Ms Nomazulu Mda; Ms Rearabetsoe Motaung; Mr Khathutshelo Ramukumba; Mr Thembisa Fakude; Ms Ntshwareng Bapela; Ms Phathiswa Magopeni; Ms Nwabisa Matyumza; Mr Lance Rothschild; Mr Kingdom Moshuenyane; Mr Paris Mashile; Dr Oscar Van Heerden; Ms Aifheli Makhwanya; Mr Lumko Mtimde; Ms Palesa Kadi; Mr Zolani Matthews; Ms Thandeka Gqubule-Mbeki; Ms Fundiswa Skweyiya-Gushu; Ms Magdalene Moonsamy; Ms Yvonne Yolelwa Sikhunyana; Ms Lindiwe Jacqueline Maepa and Ms Mandisa Titi.

The shortlisted candidates' interviews were conducted from 13 to 16 September 2022. Qualification verification, State Security Clearance, and Public Participation were part of the appointment process. The Subcommittee allocated these processes to be conducted from 8 to 22 September 2022 parallel to the interview process. The Subcommittee deliberated on the interviewed candidates on 27 September 2022 focusing on consideration of public comments and responses to legal advice from Parliament's Legal Services and resolved that the recommendation for the 12 names could not be finalised until the security vetting process was completed. The qualification and public comments were concluded within two weeks from 8 September 2022, with the security vetting concluded on 21 November 2022.

During and subsequent to the interview process the following nominees withdrew from the selection process: Ms Nomazulu Mda, Ms Sandika Daya, Ms Nwabisa Matyumza (during interview process) and Ms Cynthia Stimpel (during vetting process).

On 24 November 2022 the Subcommittee met to finalise the deliberations of candidates to be recommended after the security vetting was completed and agreed to recommend to the

Committee that the twelve vacancies be filled with the following candidates: Dr Renee Horne; Adv Tseliso Thipanyane; Mr Khathutshelo Ramukumba; Prof Franz Krüger; Ms Nomvuyiso Batyi; Ms Phathiswa Magopeni; Ms Aifheli Makhwanya; Ms Magdalene Moonsamy; Ms Rearabetsoe Motaung; Mr David Maimela; Mr Dinkwanyane Mohuba and Mr Mpho Tsedu.

The Subcommittee made a decision to select three additional names which will serve as a reserve pool to cater for any eventuality given the period it has taken to complete the process. The following names on the pool are confirmed as: Mr Zolani Matthews; Ms Palesa Kadi and Mr Quentin Green.

On 24 November 2022, the Portfolio Committee on Communications and Digital Technologies met to consider the recommendation of the Subcommittee. The Committee recommends that the National Assembly approve the names of Dr Renee Horne; Adv Tseliso Thipanyane; Mr Khathutshelo Ramukumba; Prof Franz Krüger; Ms Nomvuyiso Batyi; Ms Phathiswa Magopeni; Ms Aifheli Makhwanya; Ms Magdalene Moonsamy; Ms Rearabetsoe Motaung; Mr David Maimela; Mr Dinkwanyane Mohuba and Mr Mpho Tsedu.

The Portfolio Committee made a decision to select three additional names which will serve as a reserve pool to cater for any eventuality given the period it has taken to complete the process. The following names are confirmed as Mr Zolani Matthews; Ms Palesa Kadi and Mr Quentin Green.

Report to be considered.

MBKK

## National Council of Provinces

### **1. Report of the Select Committee on Security and Justice on the Electoral Amendment Bill [B1B-2022] (National Assembly – sec 75), dated 25 November 2022:**

The Select Committee on Security and Justice, having deliberated on and considered the subject of the Electoral Amendment Bill [B1B-2022] (National Assembly – sec 75), referred to the Select Committee on Security and Justice on 20 October 2022, classified by the JTM as a section 75 Bill, reports that it has agreed to the Bill with proposed amendments.

#### **1. Background**

The Electoral Amendment Bill (The Bill) seeks to:

- amend the Electoral Act, 1998, so as to delete a definition and insert certain definitions consequential to the expansion of this Act to include independent candidates as contesters to elections in the National Assembly and provincial legislatures;
- provide that registered parties must submit a declaration confirming that all its candidates are registered to vote in the province where an election will take place;
- provide for the nomination of independent candidates to contest elections in the National Assembly or provincial legislatures;
- provide for the requirements which must be met by persons who wish to be nominated as independent candidates;
- provide for the inspection of copies of lists of independent candidates and accompanying documents;
- provide for objections to independent candidates;
- provide for the inclusion of a list of independent candidates entitled to contest elections;
- provide for the appointment of agents by independent candidates;
- provide that independent candidates are bound by the Electoral Code of Conduct;
- provide for the return of a deposit to independent candidates in certain circumstances;
- amend Schedule 1;
- substitute Schedule 1A; and
- provide for matters connected therewith.

#### **2. Public participation process:**

The Bill was advertised in 9 official languages from the 24 October to the 9 November 2022, and on 7 SABC Radio Stations calling for written submissions on the Bill. The Select Committee on Security and Justice received 24 submissions from the following individuals and organisations:

*W.B. KK*

**3. Individuals and organisation:**

1. ANC Mary Mavanyisi Branch (Ward 22 Polokwane);
2. Eastern Cape Civil Society;
3. Zolani Zonyane;
4. Organisation Undoing Tax Abuse;
5. Portia Ndlovu;
6. Valli Moosa;
7. Africa School of Governance;
8. My Vote Counts;
9. Citizens Parliament;
10. Independent Candidates Association;
11. Rivonia Circle;
12. SB Bhengu;
13. Council for the Advancement of the South African Constitution;
14. Defend Our Democracy Submission;
15. Magdel du Preez;
16. Inclusive Society Institute;
17. OneSA;
18. Helen Suzman Foundation;
19. African National Congress;
20. Mike Atkins;
21. Right2Know;
22. Institute of Race Relations;
23. New Nation Movement; and
24. AfriForum.

**4. Committee consideration of the Electoral Amendment Bill [B1B-2022] (National Assembly – sec 75),**

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The Select Committee on Security and Justice received a briefing by the Department of Home Affairs on the Bill on 2 November 2022. On 9 November 2022, the Committee received a briefing by the Independent Electoral Commission of South Africa on the formula for the calculation of seats as proposed in the Bill. On the 11 November 2022, the Committee received a briefing by the Content Advisor on written submissions to the Bill; and a briefing by the Parliamentary Legal Advisor on the tagging of the Bill. The Department of Home Affairs and the Independent Electoral Commission responded to the written submissions on the Bill on 14 November 2022. On 16 November, the Committee deliberated and proposed amendments to the Bill. On 21 November 2022, the Senior Counsel on behalf of the Department of Home Affairs, the Office of the Chief State Law Advisor and the Independent Electoral Commission of South Africa and Parliamentary Legal Services briefed the Committee on the proposed amendments to the Bill. The Committee deliberated on the proposed amendments presented at this meeting. On 23 November 2022, the Committee deliberated and proposed further amendments to the Bill. On 25 November 2022, the Committee deliberated and adopted the proposed amendments, clause by clause. The Committee further adopted the Committee report.

#### **5. Consensus on the Bill**

The Select Committee considered the proposed amended clauses as presented by the Office of the Chief State Law Advisor with the Department of Home Affairs, the IEC and the Parliamentary Legal Services confirming its agreement with the proposed amendments

that –

- (i) all amendments are constitutionally and procedurally in order within the meaning of Joint Rule 161; and
- (ii) no amendment affects the classification of the Bill.

The Chairperson put the Bill for consideration: The Bill was supported by the majority of members. The DA objected to the Bill.

The Chairperson put the proposed amendments clause by clause to the committee. The proposed amendments were supported by the majority of the members. The DA objected to clause 3 and the new clause on Electoral Reform of the proposed amendments.

The Chairperson presented the Committee Report for adoption. The report was supported by the majority of members. The DA objected to the Committee Report.

#### **6. Recommendation**

The Select Committee on Security and Justice, having considered the Electoral Amendment Bill [B 1B – 2022] (National Assembly – sec 75), referred to it and classified by the JTM as a section 75 Bill, reports the Bill, with the proposed amendments for the National Council of Provinces consideration.

**Report to be considered.**

WB KK



**ELECTORAL AMENDMENT BILL**

**[B 1B—2022]**

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*(As proposed by the Select Committee on Security and Justice)*

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**[B 1B—2022]**

*WB KK*

PROPOSED AMENDMENTS TO

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ELECTORAL AMENDMENT BILL

[B1B-2022]

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CLAUSE 3

1. On page 3, in line 24, after “following” to omit “paragraph” and to insert “paragraphs”.
2. On page 3, in line 28, to omit the closed inverted commas and full stop.
3. On page 3, after line 28, to insert the following paragraph:

“(cB) form, in the case of a registered party not represented in the National Assembly or any provincial legislature, confirming that the party has submitted, in the prescribed manner, the names, identity numbers and signatures of voters whose names appear—

(i) in the case of an election of the National Assembly in respect of regional seats, on the national segment of the voters’ roll and who support the party—

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(aa) totalling 20 percent of the quota for that region in the preceding election, when nominating candidates for one region; or

(bb) totalling 20 percent of the highest of the regional quotas in the preceding election, when nominating candidates for more than one region provided that where 20 percent of the highest of the quotas is not achieved, that the party may only nominate candidates for the region or regions as determined by the next highest quota; or

(ii) in the case of an election of a provincial legislature, on the segment of the voters' roll for the province and who support the party, totalling at least 20 percent of the quota of that province in the preceding election, for which the party intends to nominate candidates;"

#### CLAUSE 6

1. On page 4, to omit lines 21 to 28 and to substitute with the following paragraph (a):

"(a) A completed prescribed form confirming that the independent candidate has submitted, in the prescribed manner, the names, identity numbers and signatures of voters whose names appear—

(i) in the case of an election of the National Assembly in respect of regional seats, on the national segment of the voters' roll and who support his or her candidature,

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(aa) totalling 20 percent of the quota for that region in the preceding election, if intending to contest only one region;

or

(bb) totalling 20 percent of the highest of the regional quotas in the preceding election, if intending to contest more than one region, provided that where 20 percent of the highest of the quotas is not achieved, that the independent candidate may only contest the region or regions as determined by the next highest quota; or

(ii) in the case of an election of a provincial legislature, on the segment of the voters' roll for the province and who support his or her candidature, totalling at least 20 percent of the quota of that province in the preceding election, which the independent candidate intends to contest,

provided that an independent candidate who was elected to either the National Assembly or a provincial legislature as an independent candidate in the preceding election shall be exempt from this requirement:".

#### CLAUSE 21

1. On page 11, in line 43, to omit "most" and substitute with "highest proportion of".
2. On page 12, from line 48, to omit "most number" and substitute with

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"highest proportion".

3. On page 12, to omit the sentence in lines 59 and 60.
4. On page 13, from line 5, to omit "minus the votes cast in such region in favour of independent candidates already allocated one seat."
5. On page 13, from line 9, to omit ", minus the seats held by independent candidates in terms of item 5(e)".
6. On page 15, from line 16, to omit "Independent candidates already allocated a seat must further be disregarded in such recalculation".
7. On page 15, from line 22, to omit "minus the votes cast in such province in favour of independent candidates already allocated one seat".
8. On page 15, from line 26, to omit ", minus the seats held by independent candidates in terms of item 11(d)".
9. On page 17, from line 23, to omit "the forfeiture provisions in item 7 or item 12 as indicated by the context" and substitute with "item 23".
10. On page 17, from line 29, to omit "calculations performed in terms of the forfeiture provisions in item 7 or item 12 as indicated by the context" and substitute with "recalculations performed in terms of item 23".
11. On page 18, in line 4, to omit "party or".
12. On page 18, in line 9, to omit "in terms of item 5(i) or item 11(f)".
13. On page 18, in line 34, to omit "item 7 or item 12" and to substitute with "item 24".
14. On page 18, from line 36 to line 39, to omit paragraph (g).
15. On page 18, in line 49, to omit "item 7 or item 12" and to substitute with "subitem (3)".
16. On page 18, after line 49, to insert the following subitem:

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“(3) (a) An amended quota of votes per seat must be determined in respect of such region or province by dividing the total number of votes cast in the region or province, minus the number of votes cast in the region or province in favour of the party or independent candidate standing to lose a seat, minus the votes cast in such region or province in favour of independent candidates already allocated one seat, by the number of seats, plus one, determined in terms of item 4 or item 8 in respect of the region or province concerned, minus the seat or seats retained by the party or independent candidate, minus the seats held by the independent candidate.

(b) The result plus one, disregarding fractions, is the amended quota of votes per seat in respect of such region or province for purposes of the said recalculation.

(c) The number of seats to be awarded for the purposes of paragraph (f) in respect of such region or province to a party or independent candidate participating in the recalculation must, subject to paragraph (d), be determined by dividing the total number of votes cast in favour of such party or independent candidate in such region or province by the amended quota of votes per seat indicated by paragraph (b) for such region or province.

(d) Where the result of the calculation referred to in paragraph (c) yields seats not absorbed by the number awarded to parties or independent candidates, the surplus of votes accruing to any party, parties or independent candidates participating in the recalculation, competes for the remaining seats in sequence of the highest surplus of votes.

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(e) The aggregate of such a party's awards in terms of paragraphs (c) and (d) in respect of such region or province, subject to paragraph (f), indicates that party's or independent candidate's final allocation of the seats determined under item 4 or item 8 in respect of that region or province.

(f) In the event of a party being allocated an additional number of seats in terms of this item and if its list in question then does not contain the names of a sufficient number of candidates as set out in item 7(1) or item 12(1), the process provided for in this subitem must be repeated with the changes required by the context until all seats have been allocated."

#### NEW CLAUSE

On page 19, after line 12, to insert the following new clause after clause 22, and to renumber the existing clause 23 as clause 24:

#### **"Electoral Reform Consultation Panel**

**23. (1)** Within four months after the commencement of this section, the Minister must establish the Electoral Reform Consultation Panel.

**(2) (a)** The functions of the Panel are to independently investigate, consult on, report on and make non-binding recommendations in respect of potential reforms of the electoral system for the election of the National Assembly and the election of the provincial legislatures, in respect of the elections to be held after the 2024 elections.

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- (b) The Panel must perform its functions referred to in paragraph (a) in a manner that enables Parliament to exercise its constitutional powers to determine the electoral system for the elections of the National Assembly and provincial legislatures, in respect of the elections to be held after the 2024 elections.
- (3) The Panel must—
- (a) prior to the 2024 elections, engage in research and consider the issues falling within its functions;
  - (b) after the 2024 elections, undertake a public participation process regarding the issues falling within its functions; and
  - (c) from the date of its establishment, submit a report to the Minister every three months on its progress.
- (4) The Panel must, within 12 months of the date of the 2024 elections, submit a report to the Minister on the possible options for electoral reform for the election of the National Assembly and the election of the provincial legislatures which must include—
- (a) reasons, potential advantages and disadvantages;
  - (b) legal and constitutional implications; and
  - (c) financial implications,
- for each proposed electoral system or electoral reform identified by the Panel.
- (5) (a) The report contemplated in subsection (4) must reflect the views of the members of the Panel as to the possible options and recommendations for electoral reform.
- (b) In the case of disagreement as to the possible options and recommendations for electoral reform, the report may be divided into different sections setting out the different views of the members.

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- (6) (a) In the event that the Panel is unable to submit the report contemplated in subsection (4), the Panel must no less than 3 months before the date on which the report is due, make a written request to the Minister to allow the Panel an extension of no longer than 6 months to submit the report.
- (b) The Minister may upon receiving the request referred to in paragraph (a), grant the extension on good cause shown, provided that such an extension may only be granted once.
- (7) Upon receipt of the report contemplated in subsection (4), the Minister must within 30 days table the report in Parliament for its consideration and publish the report through electronic and any other means.
- (8) The Panel is authorised to do all things necessary or incidental to fulfil its functions, including—
- (a) to call for and receive written submissions from political parties, independent candidates, civil society organisations and any interested person or party in respect of potential reforms of the electoral system; and
- (b) to make the written submissions publicly available and accessible through electronic and any other means.
- (9) In order to establish and constitute the Panel, the Minister must—
- (a) call on the public and any interested parties to nominate fit and proper South African citizens who—
- (i) have the necessary skills, expertise, experience, knowledge or academic qualifications in the administration and running of elections or constitutional law or electoral systems;
- (ii) are not members of Parliament or of any provincial legislature; and

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- (iii) have not, in the past twelve months, been office-bearers or employees of any political party;
  - (b) in consultation with the Commission, appoint nine members to the Panel from such nominated persons who satisfy the criteria specified in paragraph (a); and
  - (c) appoint one of the members of the Panel as the Chairperson of the Panel.
- (10) A member may resign from the Panel by giving the Minister—
  - (a) one month's written notice; or
  - (b) less than one month's written notice, with the approval of the Minister.
- (11) The Minister may, after taking the steps required by subsection (12), remove a member of the Panel, if that member—
  - (a) committed an act of misconduct, becomes incapacitated or is incompetent;
  - (b) is unable to perform his or her functions for more than 30 consecutive days;
  - (c) acted contrary to the fulfilment of the Panel's functions; or
  - (d) neglected to perform the functions as required by a resolution of the Panel.
- (12) Before removing a member of the Panel in terms of subsection (11), the Minister must afford the member an opportunity to make written representations and must consider those representations.
- (13) (a) Should a vacancy arise in the Panel, the Minister in consultation with the Commission must fill the vacancy from the persons already nominated in the process contemplated in subsection (9)(a).

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(b) In the event that no suitable person can be appointed, the Minister must undertake a new nomination process as provided for in subsection (9)(a).

(14) A member of the Panel, who is not in the full-time employment of the state, must—

(a) be appointed on such terms and conditions as the Minister may determine; and

(b) receive such remuneration and allowances, out of the funds appropriated for the functioning of the Panel, as the Minister may determine in consultation with the Minister of Finance.

(15) The Director General of Home Affairs must, subject to the laws governing the public service—

(a) appoint, second or designate persons in its employ; and

(b) make available any other necessary resources,

to assist the Panel to enable it to perform and fulfil its functions.

(16) The Minister must dissolve the Panel—

(a) after the Minister has tabled the report referred to in subsection (4) in Parliament; and

(b) once the Minister and Parliament no longer require the Panel to perform any of its functions.

(17) In this section:

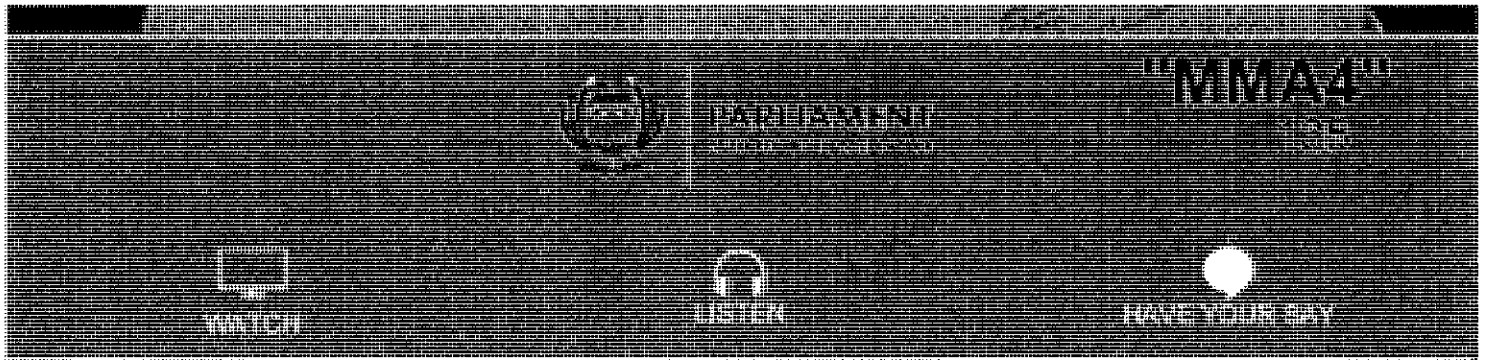
(a) “**2024 elections**” means the elections of the National Assembly and the provincial legislatures, due to be held during 2024;

(b) “**Minister**” means the cabinet member responsible for Home Affairs; and

(c) “**Panel**” means the Electoral Reform Consultation Panel established in terms of subsection (1).”

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# NA APPROVES CANDIDATES RECOMMENDED FOR VACANCIES ON SABC BOARD AND PASSED CHILDREN'S AMENDMENT BILL

PRESS RELEASES

Parliament, Tuesday, 6 December 2022 – The National Assembly (NA) at its plenary sitting this afternoon resolved to recommend candidates for consideration to serve on the South African Broadcasting Corporation (SABC) Board and passed the Children's Amendment Bill.



The NA approved the Portfolio Committee on Communications and Digital Technologies' report on the filing of 12 non-executive board vacancies following the expiry of the term of the previous SABC Board on 15 October 2022.

The NA recommendation on the SABC Board was done in terms of section 13(1) of the Broadcasting Act of 1999 Act, which states that non-executive members must be appointed by the President on the advice of the National Assembly.

The process of filing of the vacancies follows a letter dated 13 June 2022, received from the Minister of Communications and Digital Technologies, informing the National Assembly of the impending expiry of the current

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SABC board of directors' term of office on 15 October 2022.

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The committee undertook an extensive public consultation process, which included the publishing of an advertisement in the media calling for nominations for appointment to constitute the SABC Board. The advertisement was published in all 11 South African official languages in national, regional and community newspapers. A total of 120 nominations were received, including names that appeared more than once, due to some individuals being nominated by different people and/or organisations.

In its report to the NA, the committee recommended 12 candidates based on their performance during the interview process. The candidates are: Dr Renee Horne; Adv Tseliso Thipanyane; Mr Khathutshelo Ramukumba; Prof Franz Krüger; Ms Nomvuyiso Batyi; Ms Phathiswa Magopeni; Ms Aifheli Makhwanya; Ms Magdalene Moonsamy; Ms Rearabetsoe Motaung; Mr David Maimela; Mr Dinkwanyane Mohuba and Mr Mpho Tsedu.

The report further states that the committee made a decision to select three additional names, which will serve as a reserve pool to cater for any eventuality given the period it has taken to complete the process. The following names on the pool are confirmed as: Mr Zolani Matthews; Ms Palesa Kadi and Mr Quentin Green.

The reports, which the NA agreed to today, may be read in the official parliamentary paper (Announcements, Tablings and Committee Reports dated 25 November 2022), starting on page 4:

<https://www.parliament.gov.za/storage/app/media/Docs/atc/43ab4dca-1004-45fe-9dfe-89d53da18bbe.pdf>

The candidates will be sent to the President for his consideration and appointment.

NA also approved the report the Children's Amendment Bill. The Bill provides for, among other things, children's right to privacy and protection of information, the rights of unmarried fathers, medical testing of children in need of care and protection or adoption, the rules relating to care and

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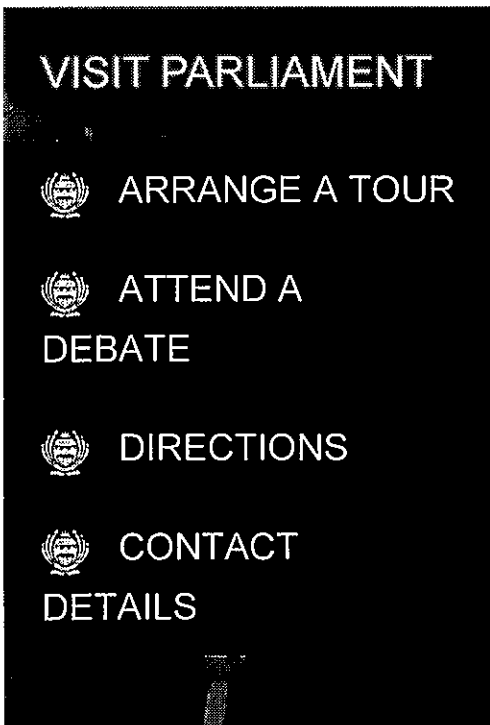
protection proceedings and the designation and functions for a Registrar of the National Child Protection Register.

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The Bill will be sent to the President for assent.

**ISSUED BY THE PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**Enquiries: Moloto Mothapo**



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## FEATURED MEMBER

138



**Mrs Gizella  
Opperman**

**National Assembly**

**Democratic  
Alliance** on the  
provincial lists for  
the province of  
Northern Cape

[gopperman@parliament.gov.za](mailto:gopperman@parliament.gov.za)

### MEMBER OF THE FOLLOWING COMMITTEES

- Portfolio Committee on  
Cooperative Governance and  
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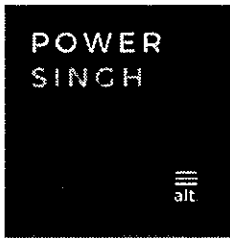
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Date: 27 January 2023

Your ref:

Our ref: PSIMM-201912

**TO: PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

Union Buildings, Government Avenue, Pretoria, 0002

Tel: +27(0) 12 300 5332

E-mail: [presidentrsa@presidency.gov.za](mailto:presidentrsa@presidency.gov.za) | [Geofrey@presidency.gov.za](mailto:Geofrey@presidency.gov.za)

[malebo@presidency.gov.za](mailto:malebo@presidency.gov.za)

Dear President Cyril Ramaphosa,

## APPOINTMENT OF THE SABC BOARD

1. We act for Media Monitoring Africa (MMA). For your reference, MMA was established in 1993 in Johannesburg, and, since then, has evolved from a pure monitoring-based project to an innovative organisation which implements successful media strategies for change. MMA has and continues to play an active role in advocating for access to information, freedom of expression, and the responsible free flow of information to the public. MMA strives towards encouraging a fair and just society in which the public, media, and the powerful respect a culture of human rights.
2. MMA is deeply concerned that the SABC Board has not been appointed. We are advised that the SABC has been without a board for over 100 days – more than three months – after the mandate of the previous board expired in October 2022. We are further advised that media reports suggest that the President is awaiting a legal opinion on the objections pertaining to some of the proposed board members.
3. At the outset, MMA confirms that it is not taking a position on the proposed board members.

**Director:** MJ Power B.A., LL.B., LL.M. (Wits) | **Senior Associates:** T Power B.A., LL.B., LL.M. (Wits), T Davis B.A. (RU), LL.B. (UCT) | **Associate:** S Khumalo LL.B. (Wits) | **Candidate Legal Practitioners:** C Chitengu B.A., LL.B. (UJ), C Dehosse B.A., LL.B. (Stell.), LL.M. (UCT) | **Technologist:** K Nwana | **Office Manager:** J Rashid. Power Singh Incorporated is a law firm registered with the Legal Practice Council of South Africa (F18433) and a personal liability company registered in the Republic of South Africa (2018/071686/21).

\* Cape Town Office: Unit 403, S St Georges Mall, Cape Town, South Africa, 8001.

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MMA is, however, concerned by the significant delay in the appointment process, particularly given the importance of the SABC. The SABC's Board fulfils a key role in enabling the public broadcaster to provide news and information to the nation. It is trite that the public broadcaster has an indispensable role in fostering democracy and the free flow of information.

4. Without a Board, the proper functioning of the public broadcaster is jeopardised, which in turn threatens the functioning of our constitutional democracy.
5. As you will be aware, the state has a constitutional obligation flowing from section 7(2) of the Constitution to respect, protect and fulfil all rights in the Bill of Rights, including rights pertaining to freedom of expression and media freedom. In particular, we note that section 237 of the Constitution requires that "[a]ll constitutional obligations must be performed diligently and without delay". We further refer to *Khumalo v Member of the Executive Council for Education: KwaZulu-Natal*,<sup>1</sup> in which the Constitutional Court explained that this provision elevates expeditious and diligent compliance with constitutional duties to an obligation in itself, in recognition of the public interest in having certainty and finality. MMA, therefore, urges the President to engage with the appointment process diligently and with expedience.
6. As noted above, based on available media reports citing Presidency Spokesperson, Vincent Magwenya, it is MMA's understanding that the President is awaiting a legal opinion on the suitability of certain candidates. At this stage, MMA takes no views on this, however, MMA submits that to the extent there are other nominated board members who do not form part of the legal opinion, these individuals should be appointed in order to ensure the functioning of the SABC Board.
7. Given the importance of the public broadcaster and the need for decisiveness in the fulfilment of constitutional duties, MMA hereby requests that the President appoint the board members who do not form part of the legal opinion in order to enable the proper functioning of the SABC and that this be done by no later than **3 February 2023**.
8. In the event that the appointments are not made within the next week, MMA hereby requests written reasons for the decision not to appoint. In this regard, it is now trite that the principle of legality requires that reasons be given for the exercise of all public power. MMA request the written reasons be provided by **3 February 2023**.
9. MMA reserves its rights to approach the courts to seek to compel the appointments, and to enforce the state's obligation to respect, protect and fulfil the rights in the Bill of Rights diligently and without delay, as required by section 237 of the Constitution.

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<sup>1</sup> [2013] ZACC 49.

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10. We await your response.

With kind regards,

**POWER SINGH INC.**

Per: Tina Power | *Senior Associate*

E-mail: [tina@powersingh.africa](mailto:tina@powersingh.africa)

*(Submitted electronically without signature.)*

ENDS.



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**THE PRESIDENCY: REPUBLIC OF SOUTH AFRICA**

Ms Tina Power  
Power Singh Inc.  
20 Baker Street  
Rosebank  
Johannesburg  
2196

**By e-mail: [tina@powersingh.africa](mailto:tina@powersingh.africa)**

Dear Ms Power

**Re: APPOINTMENT OF THE SABC BOARD**

Reference is made to your letter dated 27 January 2023 addressed to the President of the Republic of South Africa.

Your letter was referred to the Legal and Executive Services Unit for further attention.

Kindly be advised that the President is aware of the importance of the SABC, and of its constitutional purpose in supporting democracy and enabling people to assert their rights. It is precisely due to the importance of the SABC that the President is enjoined to approach the appointment of the SABC's board members with care.

The President only received notification from the Speaker of the outcome of the Parliamentary process to interview potential board members by a letter dated 20 December 2022. The Cvs of candidates recommended for the appointment were only sent to the Presidency on the 10<sup>th</sup> of January 2023.

While we appreciate that the SABC has been without a board for a considerable period of time, we think it necessary to alert you to the fact that the matter has only been on his desk for a few weeks.

The President is committed to the expedient appointment of a board for the SABC. To this end he has sought legal advice on matters of concern to him, which include the issues raised by Mr Magwenya as you have noted, but are not limited thereto.

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The President is applying his mind to the legal advice received and will take steps to act on this advice within the next week.

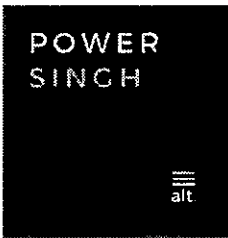
We ask that you allow him this additional time to finalise the work he is doing to ensure that this institution which is so critical to our democracy to have leadership that has been legally chosen and appointed.

Yours faithfully

**Mr Geoffrey Mphaphuli**  
**Acting Head: Legal & Executive Services**  
**Date: 03 February 2023**

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**POWER SINGH INC.**

Public Interest Law | Attorneys

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Date: 6 February 2023

Your ref:

Our ref: PSIMM-201912

**TO: THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

C/o Geoffrey Mphaphuli

Acting Head: Legal & Executive Services

Union Buildings, Government Avenue, Pretoria, 0002

Tel: +27(0) 12 300 5332

E-mail: [Geoffrey@presidency.gov.za](mailto:Geoffrey@presidency.gov.za)

Dear President Cyril Ramaphosa,

**APPOINTMENT OF THE SABC BOARD**

1. We acknowledge receipt of the correspondence from the Office of the Presidency dated 3 February 2023.
2. We are instructed to advise as follows:
  - 2.1. MMA thanks the Office of the Presidency for the swift response and the acknowledgement of the importance of the SABC and the President's commitment to act expeditiously in the appointment of its Board.
  - 2.2. MMA notes the President's undertaking to act during the course of this week on the legal advice received. MMA looks forward to being advised of the actions to be taken by the President.
  - 2.3. MMA reiterates that it reserves its right to approach the courts to seek to compel the appointments, and to enforce the state's obligation to respect, protect and fulfil

**Director:** M] Power B.A., LL.B., LL.M. (Wits) | **Senior Associates:** T Davis B.A. (RU), LL.B. (UCT), T Lloyd LL.B. (Wits), LL.M. (Edin.), T Power B.A., LL.B., LL.M. (Wits) | **Associate:** S Khumalo LL.B. (Wits) | **Candidate Legal Practitioners:** C Chitengu B.A., LL.B. (UJ), C Dehosse B.A., LL.B. (Stell.), LL.M. (UCT) | **Technologist:** K Nwana | **Office Manager:** J Rashid, Power Singh Incorporated is a law firm registered with the Legal Practice Council of South Africa (F18433) and a personal liability company registered in the Republic of South Africa (2018/071686/21).

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the rights in the Bill of Rights diligently and without delay, as required by section 237 of the Constitution.

3. We trust you find the above in order.

With kind regards,

**POWER SINGH INC.**

Per: Tina Power | *Senior Associate*

E-mail: [tina@powersingh.africa](mailto:tina@powersingh.africa)

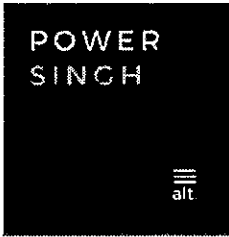
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ENDS.



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**POWER SINGH INC.**

Public Interest Law | Attorneys

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Date: 15 February 2023

Your ref:

Our ref: PSIMM-201912

**TO: THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

C/o Geoffrey Mphaphuli

Acting Head: Legal & Executive Services

Union Buildings, Government Avenue, Pretoria, 0002

Tel: +27(0) 12 300 5332

E-mail: [Geoffrey@presidency.gov.za](mailto:Geoffrey@presidency.gov.za)

Dear President Cyril Ramaphosa,

**APPOINTMENT OF THE SABC BOARD**

1. We refer to our exchange of correspondence between 27 January and 6 February 2023.
2. Our client (MMA) continues to have grave concerns that you (the President) are yet to appoint members of the SABC Board. They note that you failed to meet your own self-imposed deadline to take steps, by the end of last week, to act on the advice you had already received by 3 February 2023.
3. We note that while the Spokesperson for the Office of the Presidency has been engaging members of the media on the appointment process, MMA is yet to receive adequate written reasons for the delay in the appointments, despite repeated requests.
4. Of further concern, since our last correspondence dated 6 February 2023, the Minister of Communications and Digital Technologies announced that the Group Chief Executive Officer (GCEO) had been appointed as the SABC Board. Minister Ntshavheni made the announcement, to the media after your State of the Nation Address (SONA) on 9 February 2023, stating that

Director: MJ Power B.A., LL.B., LL.M. (Wits) | Senior Associates: T Davis B.A. (RU), LL.B. (UCT), T Lloyd LL.B. (Wits), LL.M. (Edin.), T Power B.A., LL.B., LL.M. (Wits) | Associate: S Khumalo LL.B. (Wits) | Candidate Legal Practitioners: C Chitengu B.A., LL.B. (UJ), C Dehosse B.A., LL.B. (Stell.), LL.M. (UCT) | Technologist: K Nwana | Office Manager: J Rashid. Power Singh Incorporated is a law firm registered with the Legal Practice Council of South Africa (F18433) and a personal liability company registered in the Republic of South Africa (2018/071686/21).

\* Cape Town Office: Unit 403, S St Georges Mall, Cape Town, South Africa, 8001.

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"in terms of the law, the GCEO of the SABC has been designated by the Minister of DCDT with the concurrence of the Minister of Finance as the Board of the SABC." MMA has expressed deep concern about this announcement as detailed in the joint press release (with the SOS Coalition) dated 11 February 2023, attached hereto as annexure "A". As outlined in the press release, this appointment appears to be conflict with both the law and the basic tenets of good governance. MMA reserves the right to approach a court urgently to have this appointment reviewed and set aside.

5. The GCEO's seemingly unlawful appointment, coupled with your sustained and inadequately explained delay in appointing Board members to the SABC, seriously undermines and jeopardises the proper functioning and administration of the SABC. As MMA has already highlighted, this threatens the functioning of our constitutional democracy.
6. MMA hereby demands that you appoint the ten Board nominees about whom there are no legal reservations, in order to enable the proper functioning of the SABC, and that this be done by no later than **17 February 2023**.
7. In the event that the appointments are not made by this time, MMA hereby requests written reasons for the decision not to appoint. MMA reiterates that legality requires that reasons be given for the exercise of all public power. MMA request the written reasons are provided by **17 February 2023**.
8. If, by 17 February 2023, the appointments are not made, or no adequate reasons are forthcoming for failing to make the appointments, we hold instructions to approach the courts urgently for appropriate relief.
9. We await your urgent response.
10. All our client's rights are reserved.

With kind regards,

**POWER SINGH INC.**

Per: Tina Power | *Senior Associate*

E-mail: [tina@powersingh.africa](mailto:tina@powersingh.africa)

*(Submitted electronically without signature.)*

ENDS.



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MEDIA RELEASE

# MEDIA RELEASE: GOVERNANCE GIMMICKS SURFACE AT THE SABC AS IT CONTINUES TO BE BOARD-LESS

Nomshado Lubisi

Feb 11, 2023

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11 February 2023

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**Governance gimmicks surface at the SABC as it continues to be Board-less**

JOHANNESBURG, 11 February 2023- The SOS Coalition and Media Monitoring Africa (MMA) are appalled and deeply concerned to learn that the Group Chief Executive Officer (GCEO) of the South African Broadcasting Corporation (SABC) has been designated as “the Board”.

The Minister of Communications and Digital Technologies (DCDT), Khumbudzo Ntshavheni, announced, after the State of the Nation Address (SONA) (9 February) that, “In terms of the law, the GCEO of the SABC has been designated by the Minister of DCDT with the concurrence of the Minister of Finance as the Board of the SABC.”

SOS and MMA believe the decision is unlawful and that the two Ministers exceeded their powers. On a simple basis of good governance, it cannot surely be legitimate for one individual to be given Board powers and make decisions that otherwise require 15 members of which 12 are non-executive members. The Broadcasting Act requires non-executive members to have a variety of expertise and experience ranging from media law, business practice, journalism, entertainment. These skills are essential to ensure that decisions are considered and debated and that all pertinent aspects for the running of the public broadcaster are taken into consideration. The Minister’s assertion that the GCEO is the Board is at odds with even the most rudimentary elements of governing the SABC.

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The origin of the apparent decision stems from a meeting with Parliament's Standing Committee on Public Accounts (SCOPA) on 23 November 2022, where already it was clear that the SABC did not have an accounting authority and the reports indicated that the Ministry was pushing for the appointment of the SABC's GCEO as the accounting authority pending approval by National Treasury. Needless to say that the more obvious and preferable decision should have been to push for the appointment of the Board. It is the failure by parliament to fulfill its mandate in a timeous manner coupled with the President's failure to act swiftly to appoint the SABC that has resulted in us being in a scenario where we now must contend with the absurdity of a GCEO being the SABC Board.

It is equally alarming that the public learns through an ad hoc interview that "the GCEO is the SABC Board. The public was not informed of the decision when it was taken and its basis which raises further questions about the decision. The lack of transparency gives credence to rumoured political interference and orchestrated delay tactics in appointing the Board. The objects of the Broadcasting Act 2(n) aim to "ensure that broadcasting services are effectively controlled by South Africans. The SABC is a public broadcaster that belongs to the people of South Africa," whom, in this instance have been deprived crucial information regarding the appointment of an interim accounting authority.

The Broadcasting Act stipulates in section 14 (1)(2) that "the affairs of the Corporation are administered by an executive committee consisting of the Group Chief Executive Officer, Chief operating Officer, Chief Financial Officer and no more than other 11 members.

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committee is accountable to the Board". In this instance, we have the executive committee being accountable to one of its members, who is part of the decision-making body at operational level. As such, there is currently no accountability and no oversight at the SABC because the current gimmicks do not amount to adequate governance.

The issues are not merely academic, as we know of at least two key decisions that have been taken in the absence of the SABC Board. These include; a submission pertaining to the Analogue Switch Off (ASO) date due to the Ministry on 27 January 2023. It is not clear who made the submission and on what basis it be an SABC position when there was no Board. The public then learned of the launch of a 24-hour news channel in January 2023.

Subsequently, additional questions arise which include: Who oversees the implementation of the activities? Who is SABC management accountable to? Are the decisions being taken based on resolutions of the previous Board and are they being implemented accordingly without deviation? How valid are these decisions that being made in the absence of a quorate Board (as envisioned by the Act)? How can government consider its consultation process on analogue switch off to be legitimate when the public broadcaster has no board and basis on which to make a considered and independent submission? The decision is all the more critical knowing that the SABC is going to be

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the Board takes lead),

Are Board appointments being delayed tactically to manipulate the CEO to make decisions in favour of government that wouldn't otherwise be made when there is a Board?

### **The legality of the CEO's appointment as the SABC Board**

The Public Financial Management Act 49 (2)(b) states that "if the public entity does not have a controlling body, the chief executive officer or the other person in charge of the public entity is the accounting authority for the public entity unless specific legislation applicable to that entity designates another person as the accounting authority. The Broadcasting Act 13(13) states that "the Board is the accounting authority of the Corporation". Nowhere does it make a provision for SABC executives to be appointed in the absence of the Board. Thus, we believe the appointment of the GCEO as the accounting authority is illegal and a breach of the Broadcasting Act.

SOS and MMA also would also like to understand the basis on which the Ministers are mandated to make such appointments at the SABC? The Matojane Judgement of 2017 spelled out the critical importance of the independence of the SABC Board and the role and limitation of the Minister of DCDT in seeking to interfere with the running of the SABC. All such powers are clearly conferred to the SABC Board. We note further that the Broadcasting Act has designated the President as the appointing authority of the Board. Assuming it was legal, which we dispute, to

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appoint the GCEO as the accounting authority in the interim it could only be the President who could stipulate that the GCEO could act as interim accounting authority with Board powers.

SOS and MMA repeat their call for the President to appoint the SABC Board. Last month, President Ramaphosa indicated that he was seeking legal opinion on objections that implicate two recommended candidates. Seven (7) weeks have passed since the President received the recommended names on 20 December 2022. We ask that the President proceeds to make appointments of the 10 candidates that aren't implicated as the Board would still quorate. Section 13(10) of the Act states that "nine members of the Board which must include a chairperson or deputy chairperson will constitute a quorum at any meeting of the Board.

It is unacceptable to have the SABC be without a Board for more than 16 weeks. The vacuum created by the absence of a Board is causing further damage and deepening an entirely preventable crisis.

SOS and MMA demand the urgent appointment of the SABC Board – in the public interest.

SOS and MMA are currently taking legal advice and will act on an urgent basis if necessary.

**For more information contact:**

Uyanda Siyotula (SOS Coalition)

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060 691 2462

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William Bird (MMA)

Director

082 887 1370

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**Nomshado Lubisi**

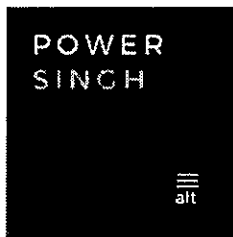
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"MMA9"

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**URGENT**

**Date: 22 February 2023**

Your ref:

Our ref: PSIMM-202302

**TO: THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

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E-mail: [Geoffrey@presidency.gov.za](mailto:Geoffrey@presidency.gov.za)

**TO: THE SPEAKER OF THE NATIONAL ASSEMBLY**

C/o Zodwa Ngoma, Personal Assistant to the Speaker  
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Tel: +27 21 403 259  
Email: [zngoma@parliament.gov.za](mailto:zngoma@parliament.gov.za)

**TO: THE MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES**

C/o Sybil Lyons-Grootboom, Chief Director: Legal Services  
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Tel: +27 12 427 8015  
Email: [slyons-grootboom@dtps.gov.za](mailto:slyons-grootboom@dtps.gov.za)

**TO: THE GROUP CHIEF EXECUTIVE OFFICER, SOUTH AFRICAN BROADCASTING CORPORATION SOC LTD**

C/o Madoda Mxakwe  
Email: [mxakwem@sabc.co.za](mailto:mxakwem@sabc.co.za)

**Director:** MJ Power B.A., LL.B., LL.M. (Wits) | **Senior Associates:** T Davis B.A. (RU), LL.B. (UCT), T Lloyd LL.B. (Wits), LL.M. (Edin.), T Power B.A., LL.B., LL.M. (Wits) | **Associate:** S Khumalo LL.B. (Wits) | **Candidate Legal Practitioners:** C Chitengu B.A., LL.B. (UJ), C Dehosse B.A., LL.B. (Stell.), LL.M. (UCT) | **Technologist:** KNwana | **Office Manager:** J Rashid. Power Singh Incorporated is a law firm registered with the Legal Practice Council of South Africa (F18433) and a personal liability company registered in the Republic of South Africa (2018/071686/21).

\* Cape Town Office: Unit 403, 5 St Georges Mall, Cape Town, South Africa, 8001.

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Dear all,

**URGENT LITIGATION - APPOINTMENT OF THE SABC BOARD**

1. We represent Media Monitoring Africa ("MMA"), a not-for-profit organisation that operates in the public interest to promote the development of a free, fair, ethical, and critical media culture in South Africa. MMA's work relates to key human rights issues, with the objective of promoting democracy, and human rights, and encouraging a just and fair society. MMA has and continues to play an active role in media monitoring and seeks to proactively engage with media, civil society organisations, state institutions and citizens, and in doing so advocates for freedom of expression and the responsible free flow of information to the public.
2. We have previously corresponded at length with the President of the Republic of South Africa concerning his sustained and inadequately explained delay in appointing the non-executive members of the Board of the South African Broadcasting Corporation SOC Ltd ("SABC"), who were selected by the National Assembly on 6 December 2022 - some 78 days ago, and some 131 days since the SABC last had a Board.
3. Our most recent correspondence, dated 15 February 2023, has been ignored.
4. The SABC's Board fulfils a key role in enabling the public broadcaster to provide news and information to the nation. It is trite that the public broadcaster has an indispensable role in fostering democracy and the free flow of information. Each day that goes by without a Board, the proper functioning of the public broadcaster is jeopardised, which in turn threatens the functioning of our constitutional democracy.
5. MMA has thus been left with no choice but to bring an urgent application to the Constitutional Court for an order compelling the President forthwith to appoint the twelve Board members selected by the National Assembly.
6. Under section 13(1) of the Broadcasting Act, 1999, "The twelve non-executive members of the Board must be appointed by the President on the advice of the National Assembly." The plain and purposive interpretation of this provision is that the President has no discretion or veto over the appointment of the twelve members advised by the National Assembly.
7. In assuming that he has such a discretion or veto over the selection, the President is arrogating to himself a power which the Constitution and the Broadcasting Act do not confer on him. To the extent that the National Assembly has purported to abdicate this power to the President, for example by providing him with a "reserve" list of three potential appointees, this is clearly not authorised by the Broadcasting Act and is thus unlawful and unconstitutional.
8. While at this stage, MMA does not take a position on the suitability of all of the twelve appointees chosen by the National Assembly, the SABC cannot operate without a Board, and more importantly, the President simply does not have the power he is currently assuming. To give the President such a power would undermine the independence of the SABC Board



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from executive control. That is what MMA seeks to correct through this court application. For the avoidance of doubt, MMA reserves the right, once the President has made the appointments, to take appropriate steps to have any unsuitable appointees removed from the Board.

9. The purpose of this letter is to forewarn you, the recipients, that you will each be respondents in the court application, and to request that you provide us with an email address for service of the application.
10. Considering that the matter is urgent, as we are soon approaching the point where the SABC will have had no Board for half a financial year, the timetable for the exchange of documents will be truncated as follows (subject to any alternative directions by the Chief Justice):
  - 10.1. MMA will issue and serve the application on Friday 24 February 2023;
  - 10.2. The respondents will lodge any notice of intention to oppose and answering affidavits by Friday 10 March 2023;
  - 10.3. MMA will lodge its replying affidavit, an indexed and paginated bundle, and its heads of argument, by Thursday 16 March 2023;
  - 10.4. The respondents will lodge heads of argument by Thursday 23 March 2023;
  - 10.5. The application will be heard on Tuesday 28 March 2023, or so soon thereafter as the Chief Justice may direct. This will mark 165 days since the SABC last had a Board.
11. Please provide us with an email address for service of the application by no later than **17h00 on Thursday 23 February 2023.**
12. We await your urgent response.
13. All our client's rights are reserved.

With kind regards,

**POWER SINGH INC.**

Per: Tina Power | *Senior Associate*

E-mail: [tina@powersingh.africa](mailto:tina@powersingh.africa)

*(Submitted electronically without signature.)*

ENDS.



*TS KK*



THE PRESIDENCY: REPUBLIC OF SOUTH AFRICA  
Private Bag X 1000, Pretoria, 0001

**Ms Tina Power**  
Power Singh Incorporated  
20 Baker street  
**Rosebank**  
2196

Per email: [tina@powersingh.Africa](mailto:tina@powersingh.Africa)

Dear Ms. Power

**Appointment of the SABC Board**

Reference is made to your letter dated 22 February 2023 on the above matter.

Please accept our apology for not responding to your letter of 15 February 2023.

As indicated in our earlier correspondence, the delay in the appointment was occasioned by the fact that the President has concerns about the National Assembly process.

While appreciating the urgency of the matter, the Presidency is also constitutionally obliged to ensure the legality of the process before the appointment. Unfortunately, this has taken longer than initially thought.

The Presidency however assures you that the appointment will be made without further delay once the concerns have been clarified.

In the light of the above, we submit that it is therefore unnecessary to litigate at this stage.

A handwritten signature in black ink, appearing to be 'G. Mphaphuli'.

**Mr Geoffrey Mphaphuli**  
**Acting Head: Legal and Executive services**  
**Date: 23 February 2023**

Handwritten initials 'WBKK' in black ink, located in the bottom right corner of the page.

IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA  
(HELD AT BRAAMFONTEIN)

CASE NO. \_\_\_\_\_

In the matter between:

**MEDIA MONITORING AFRICA TRUST** Applicant

and

**PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA** First Respondent

**SPEAKER OF THE NATIONAL ASSEMBLY** Second Respondent

**MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES** Third Respondent

**SOUTH AFRICAN BROADCASTING CORPORATION SOC LIMITED** Fourth Respondent

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SUPPORTING AFFIDAVIT

---

I, the undersigned,

**MICHAEL GRANT MARKOVITZ**

hereby make oath and state:

1. I am an adult male, residing at [REDACTED]



2. The facts in this affidavit fall within my personal knowledge unless the contrary is stated or appears from the context. They are, to the best of my knowledge and belief, both true and correct. Where I make any legal submissions, I do so based on legal advice.

#### **PURPOSE OF THIS AFFIDAVIT**

3. I depose to this affidavit as a former Board member of the South African Broadcasting Corporation SOC Ltd ("**SABC**"). My appointment, in terms of section 13(1) of the Broadcasting Act, was approved by the President of the Republic of South Africa ("**the President**") on 16 October 2017. My appointment letter is attached as "**MGM1**".
4. I served my full five-year board term which ended at midnight on 15 October 2022. During my board term, I also served for five years as the chairperson of the Board's Digital Technology Committee, and as a member of the Finance and Investment Committee and the Public Broadcasting Service ("**PBS**") / Public Commercial Service ("**PCS**") Committee.
5. I have direct knowledge of the governance and statutory reporting obligations of the SABC Board, as set out in the Broadcasting Act 4 of 1999, the Public Finance Management Act 1 of 1999 ("**the PFMA**"), the relevant Treasury Regulations promulgated in terms of the PFMA as well the annually signed Shareholder Compact between the Government of the Republic of South Africa and the SABC ("**Shareholder Compact**").

6. Moreover, due to four resignations of non-executive Board members at a time when there were three board vacancies, the Board I served on became inquorate between November 2018 and April 2019 and therefore I have direct experience of the prejudicial impact the absence of an accounting authority can have on the organisation as a whole. The current situation can however be distinguished as during the in-quoracy there were four non-executive board members in office (including the Chairperson, myself and two others) to provide a sounding board for the executive directors.
7. I also have direct knowledge of the financial, operational and regulatory challenges facing the SABC as of 15 October 2022. It is my submission that Parliament, the Minister of Communications and Digital Technologies ("**the Minister**") and the President would all be aware of the SABC's financial situation and related challenges as they have access to the statutorily required quarterly and annual reports.
8. I, therefore, depose to this affidavit as someone with direct knowledge of the functioning and role of the SABC, and the importance of its Board. This affidavit is provided in support of Media Monitoring Africa's application in order to assist this Court in understanding the role of the SABC Board and the consequences of not being appointed.

## HANDOVER REPORT

9. When Parliament called for nominations for the SABC Board on 6 July 2022, I decided to not make myself available for nomination for a second five-year term. Nonetheless, I have committed myself to do all that was required to assist a newly constituted Board with all the relevant information.
10. As part of the requirement to ensure continuity of sound governance at the SABC, the outgoing Board prepared a comprehensive Handover Report, including a detailed covering letter from the outgoing Board Chairperson, Mr Bongumusa Makhathini, and reports from each board committee detailing the most urgent and pressing matters for the new Board to deal with.
11. Together with two other non-executive members of the Board, I had been appointed by the Board in September 2022 to assist in consolidating the Handover Report.
12. At that time, there was every expectation by the former Board that Parliament and the President would adhere to the requirements of the Broadcasting Act and ensure that a new Board would be appointed timeously to take office from 16 October 2022.
13. When it became clear from media reports, attached as "**MGM2**" that the portfolio committee on communications would not complete the selection process in time as required by the Broadcasting Act, the Board nonetheless completed the consolidation



and approval of the Handover Report, with the bona fide belief that the SABC would be without a Board for only a few weeks, at most.

14. It is therefore a matter of grave concern that, at the time of preparing this affidavit, the SABC had still been without an accounting authority for over 130 days or over 18 weeks. While I have no doubt that a newly appointed Board would quickly familiarise themselves with the SABC's pressing challenges, it is self-evident that the SABC has been left without an accounting authority for more than one-third of the current financial year which ends on 31 March 2023.
15. The final Handover Report, as approved by the former Board, remains a confidential board document that is being held by the Company Secretary and will only be provided to the new Board upon taking office. However, I can attest to the fact that the Handover Report included the need for the new Board to urgently deal with the following publicly known matters: revenue improvement; the going concern status of the SABC; succession planning for Executive Directors; consultation with the Minister on the Analogue Switch Off (ASO) date as required by the Constitutional Court; the maintenance of strong governance controls and standards; and upholding the operational and editorial independence of the SABC.
16. Much of this is captured in the 2021/2022 Annual Report discussed below and attached as "**MGM3**".

## ANNUAL REPORT AND THE SABC'S FINANCIAL CONCERNS

17. While the former Board had managed to stabilise the SABC from a governance point of view and reduce losses from over R1.03 billion (31 March 2018) to R201 million (31 March 2022), the SABC remained in a precarious financial state and the Board expressed its concern about declining revenues in 2021/2022 Annual Report at page 153:

“In preparing the consolidated financial statements, the Directors are responsible for evaluating the corporation’s ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The Board of Directors has assessed the economic environment, current financial position, and the Company’s expected cash flows for the next 12 months through to the end of March 2023.....The Board of Directors considers that there are material uncertainties that cast doubt on the corporation’s ability to operate as a going concern but that the corporation has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future.” (emphasis added)

18. The Board’s consideration of the SABC’s ability to operate as a going concern “for the foreseeable future” and for “the next 12 months through to the end of March 2023”, was based on the reasonably held assumption that the SABC would have an accounting authority for the full 12 months of the financial year.
19. While the Board also considered “the material uncertainties that cast doubt on the SABC’s ability to operate as a going concern”, one of those material uncertainties was *not* that the organisation would be without an accounting authority for the second half of the financial year. In my view, the appointment of a new Board on 16 October

2022 was regarded as a material certainty, given the peremptory statutory requirements and, most importantly, the SABC's well-known financial position.

20. As stated publicly by the Board Chairperson on behalf of the Board in the same annual report, revenue performance remained sub-par in the 2021/2022 financial year:

"While the SABC was significantly exposed to declining advertising spend during the first 18 months of the pandemic, the Board believes that the Corporation needs to up its game, as our competitors have largely recovered from the impact of the pandemic".<sup>1</sup>

21. On 11 October 2022, four days before the former Board's term ended, SABC Group Communications issued a media statement, attached as "**MGM4**" dealing with the tabling of the SABC's Annual Report 2021/2022. The statement said, inter alia, that:

"...advertising revenue was significantly under budget by 23%. Revenue is projected to grow in 2022/23 and several initiatives are in progress to mitigating the risk...The ability of the Corporation to maintain its going concern status remains an area of concern and ongoing monitoring. The underperformance in revenue generation put pressure on liquidity in the short term, but the Corporation continues to pursue several initiatives to manage day-to-day working capital and sustainably reduce the risk".

22. The Auditor-General of South Africa ("**AGSA**"), Ms Tsakani Maluleke, was also clearly concerned about the organisation's financial position at page 99 of the Annual Report:

"I draw attention to note 39 to the consolidated and separate financial statements, which indicates that the public entity incurred a net loss of R201 million (2021: R530 million) for the financial reporting period to 31 March 2022. As stated...these events or conditions, along with other matters...indicate that a material uncertainty exists that may cast

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<sup>1</sup> (page 17 in AR 2021/2022).

significant doubt on the public (entity's) ability to continue as a going concern." (page 99 AR 2021/2022)

23. The former Board was able to further assess the organisation's cash flows and solvency position between 1 April 2022 and 15 October 2022 - the first six and half months of the current 2022/2023 financial year - and was concerned about the continued failure by management to meet revenue targets. As such Management was required to report to the Board on what was termed a "Critical Revenue Path".

#### **THE IMPORTANCE OF THE SABC BOARD**

24. As I set out below, the SABC Board is not just about ticking the boxes and preparing annual reports. The Board is tasked with important financial, policy and strategic duties, among others, which enable the functioning of the SABC.

#### **Financial responsibilities**

25. The existence of a Board of Directors is fundamental to the SABC's governance framework and in particular to the efficacy of the Shareholder Compact wherein the Government is represented by the Minister and the SABC is represented by the Chairperson of the Board of directors. The term of the last signed Shareholder Compact Plan was for the current financial year, from 1 April 2022 to 31 March 2023.
26. The purpose of the Shareholder Compact is to comply with Treasury Regulation 29.2 (which prescribes, inter alia, the documentation of the mandated key performance

measures and indicators to be attained by the SABC as agreed between the Board of Directors and the Minister).

27. The Board has strict reporting obligations in terms of the requirements of the PFMA and the relevant Treasury Regulations as further detailed in the Shareholder Compact
28. Section 52 of the PFMA regulates the preparation of annual budgets and corporate plans by Schedule 2 public entities, including the SABC. Section 52 provides that:
- “The accounting authority for a public entity listed in Schedule 2... must submit to the accounting officer for a department designated by the executive authority responsible for that public entity or government business enterprise, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year—
- (a) a projection of revenue, expenditure and borrowings for that financial year in the prescribed format; and
- (b) a corporate plan in the prescribed format covering the affairs of that public entity or business enterprise for the following three financial years, and, if it has subsidiaries, also the affairs of the subsidiaries”.
29. The requirement that the accounting authority must provide a Corporate Plan before the start of the financial year is peremptory and a central part of the PFMA's governance and reporting framework.
30. However, in the absence of a board of directors to approve the Corporate Plan, the SABC is now in continued non-compliance with the PFMA, the relevant Treasury

Regulations and the Shareholder Compact. This non-compliance with the law, regulations and Shareholder Compact is no fault of the organisation but rather due to Parliament and the President not fulfilling their obligations in terms of section 13 of the Broadcasting Act.

31. With only five weeks left of the SABC's financial year and the organisation still without a Board of Directors, it is difficult to envisage how a new Board would meaningfully approve a three-year Corporate Plan before 31 March 2023, even if the Board was constituted before the end of February.
32. There is no doubt that Parliament, the Minister, the Minister of Finance and the President would all have direct information on the SABC's current financial situation.
33. It is my view, considering my direct knowledge of the financial situation as of 15 October 2022 and considering the reasonably predictable impact of having no board since then, that the SABC could be perilously close to insolvency and having severe cash flow challenges at the time of writing this affidavit.

#### **Policy and strategic responsibilities**

34. In addition to the powers of the Board linked to financial governance, there are two critical areas over which the board fulfils key functions: Policy and Strategy. It is my view that without the ongoing ethical leadership and oversight of a Board, it is more likely that governance and performance in these areas will suffer in the SABC.

35. From a policy perspective, all the SABC's policies have to be approved at the board level.
36. This includes, for example, the Editorial Policies. The 2020 Editorial Policies are a compilation of key policies that enable and guide the SABC in discharging its public service mandate and represent how the Board gives shape to and interprets the SABC's public broadcasting mandate, it further provides a framework for decision-making by editorial staff. The policies relate to all SABC content, and to services for both national and international audiences. They apply to all the services, irrespective of whether they are carried on radio, television or digital media.<sup>2</sup>
37. In addition to the Editorial Policies, the Board was involved in the approval of many other policies. A few of these include the Conflict of Interest Policy, Consequence Management of Financial Misconduct, Sexual Harassment Policy, Supply Chain Management Policy and Procedural Manual, and the Recruitment Policy. All these policies, which require Board approval, are vital to the functioning of the SABC.
38. It is clear that these policies are vital to the functioning of the SABC and for the fulfilment of its important mandate. The Board plays a central role in terms of policies. Without a Board, policies cannot be approved. To the extent that several policies may be outstanding and are waiting for board approval, this can greatly hinder the public broadcaster's ability to function.

---

<sup>2</sup> See 'SABC Editorial Policies 2020' at page 1. For purposes of not overburdening the application the 2020 SABC Editorial Policies can be accessed here:

[http://web.sabc.co.za/digital/stage/editorialpolicies/SABC\\_Editorial\\_Policies\\_2020.pdf](http://web.sabc.co.za/digital/stage/editorialpolicies/SABC_Editorial_Policies_2020.pdf)

39. Further to the internal policy oversight and approval, the Board is also required to give final approval on any policy, legislative and regulatory proposals that the SABC may make to the Government, the Independent Communication Authority of South Africa, the Competition Commission and any other person or body. This means that the Board is both the final arbiter of SABC policies internally as well as being responsible for the Corporation's position on any policy, law or regulation that impacts the SABC.
40. From a strategy perspective, the Board plays an important oversight role. On an annual basis, the Board is required to hear presentations from management on strategies and is expected to provide guidance on the strategies and approve the strategies presented. This includes for example approving new platform agreements and the launch of any new television channels and radio services.

#### **THE INHERENT NEED FOR AN INDEPENDENT BOARD OF THE SABC**

41. The Board's independence, derived from the Broadcasting Act, is inherently linked to the editorial independence of the SABC. Without an independent Board, it is impossible to guarantee editorial independence.
42. The process set out in section 13 of the Broadcasting Act requires the Board to be selected following a thorough and transparent process. This process is important for ensuring the independence of the Board. The legislature, in recognising the



importance of an independent Board specifically provides how this public process should be conducted to ensure just that – an independent Board.

43. The Board is responsible for the key operational, financial policy and strategic decisions and oversight. These responsibilities must be fulfilled with the utmost independence. Matojane J said it best:<sup>3</sup>

“for the SABC, the requirement of an independent SABC is implied in the duty of the state under section 7(2) of the Constitution to protect and promote the rights in the Bill of Rights, including the right to freedom of expression and a free press. Because the SABC is the medium that should allow the free flow of ideas that is necessary for our democracy to function, the state must ensure that it has the **necessary structural and operational independence**. The SABC will only have such independence if there are entrenched mechanisms to ensure that it provides accurate, neutral and pluralistic content.” (emphasis added).


44. The Board is part and parcel of the necessary structural and operational independence of the SABC.
45. In conclusion, based on my five years as a SABC Board member, my direct knowledge of the SABC’s governance and reporting obligations, my direct knowledge of the contents of the Board Handover Report and the SABC’s financial position (which has been publicly known since October last year), I am convinced that Parliament and the President’s failure to replace the former board has had a severely prejudicial impact on the public broadcaster and that this needs to be remedied urgently.

---

<sup>3</sup> *SOS Support Public Broadcasting Coalition and Others v South African Broadcasting Corporation SOC Limited and Others* [2017] ZAGPJHC 289 at para 52.

  
\_\_\_\_\_  
**MICHAEL GRANT MARKOVITZ**

I hereby certify that the deponent stated that he knows and understands the contents of this affidavit and that it is to the best of his knowledge both true and correct. This affidavit was signed and sworn to before me at Rosebank on this the 24<sup>th</sup> day of February 2023. The Regulations contained in Government Notice R.1258 of 21 July 1972, as amended, have been complied with.

  
\_\_\_\_\_  
**COMMISSIONER OF OATHS**  
**KELLY KROPMAN**  
Commissioner of Oaths  
Practising Attorney  
20 Baker Street,  
Rosebank, Johannesburg  
(011) 485 0352



MINISTRY: COMMUNICATIONS  
REPUBLIC OF SOUTH AFRICA  
Private Bag X745, Pretoria, 0001, Tel: +27 12 473 0409  
URL: <http://www.gov.za>

---

Mr Michael Markovitz



[michael@](mailto:michael@) 

Dear Mr. Markovitz

**APPOINTMENT AS A MEMBER OF THE BOARD OF THE SOUTH AFRICAN BROADCASTING CORPORATION (SABC).**

1. The above matter bears reference.
2. I am pleased to inform you that the President has approved your appointment in terms of section 13(1) of the Broadcasting Act, 1999 (Act No.4 of 1999) (the Act), as a non-executive member of the South African Broadcasting Corporation (SABC) Board for a period of five years with immediate effect.
3. You are required to sign the attached certificate of acceptance and return it to [freddy@doc.gov.za](mailto:freddy@doc.gov.za), or hand-deliver it to 1035 Francis Baard, Tshedimosetso House, first floor, Hatfield, Pretoria.
4. For further enquiries, please contact the Chief Director: Entity Oversight, Mr Freddy Mamuremi, at +2771 3366 288 or +2712 473 0409.
5. I am looking forward to your fruitful contribution to the mandate of the SABC.

Yours Sincerely,

**MS A DLODLO, MP  
MINISTER OF COMMUNICATIONS**

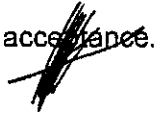
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*Handwritten initials: MM KK*

**ACCEPTANCE CERTIFICATE: MEMBER OF THE BOARD OF THE SOUTH AFRICAN BROADCASTING CORPORATION (SABC).**

Michael Grant Markovitz

I, ..... understand the appointment as detailed above and confirm my acceptance.



.....  
**SIGNATURE**

16 October 2017

.....  
**DATE**





# SABC NEW BOARD APPOINTMENT DELAYED BY VETTING PROCESS STILL UNDERWAY

## "MGM2"

Parliament's portfolio committee on communications and digital technologies says it has delayed recommending names because they are still awaiting the outcome of a vetting process on potential candidates.



SABC logo. Picture: Supplied

SABC Board Bongumusa Makhathini SOS Coalition Boyce Maneli

Email Print

Nkosikhona Duma 16 October 2022 16:49

JOHANNESBURG - The SABC has no board after their term expired on Saturday.

The previous board was chaired by Bongumusa Makhathini, and there is no interim structure until the appointment of the new board.

Parliament's portfolio committee on communications and digital technologies says the process to appoint a new board is underway.

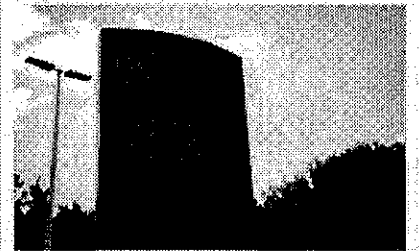
Committee chairperson Boyce Maneli says it has delayed recommending names because they are still awaiting the outcome of a vetting process on potential candidates.

"I can confirm that we have already received some of the names that have been vetted, awaiting the balance of the names so as to apply our minds completely as the committee."

Maneli says they have received assurances that the day-to-day running of the SABC will not be affected by these delays.

The SOS coalition has echoed Maneli's sentiments, saying there's no need, yet, to appoint an interim board as "present circumstances do not warrant an appointment of an interim board."

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2023 ADJUSTMENTS

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Child Support Grant (CSG)	R30
Unemployment Insurance Fund (UIF)	R60

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# SABC officially has no board

15 October 2022, 9:53 PM | Mercedes Besent | @SABCNews



Image: SABC

SABC Building in Auckland Park, Johannesburg

It is now official, from Sunday the SABC does not have a board.

This comes as the non-executive board's term ended on Saturday. The process of



*MW  
KIK*



recommending and appointing a new board is not yet finalised, as deliberations on the 34 candidates who were interviewed have been delayed.

The delay was caused by the State Security Agency which has only started vetting candidates recently. Parliament's Communications Committee has been blamed for the delay by some political parties and the Support Public Broadcasting Coalition (SOS).

From this point the highest authority and decision-making lies in the hands of the CEO, CFO and the COO, and some decisions that require board approval cannot be implemented until the new 12-member non-executive board has been appointed.

The Committee Chairperson Boyce Maneli says the parliamentary process to recommend a new board is expected to be concluded by the end of this month, or the latest at the beginning of November. However, once the National Assembly has approved the recommendation to appoint a new board, President Cyril Ramaphosa will have the final say. It will be up to the President on how soon the new board will be appointed.

### **Appointment of interim board is not an option**

Maneli has stated that an Interim SABC board is not an option, informing that both the Public Broadcasting Act and the Companies Act do not make provision if the board's term has expired.

He says this is the advice that was provided by Parliament's Legal Services.

The Broadcasting Act makes provision for the recommendation and appointment of a five-member non-executive interim board, only after an inquiry of an existing board or after it has been dissolved. An interim board is appointed for a period not exceeding six months.

"We also have it from legal authorities in Parliament that indeed the board is coming to an end and there is no interim resolution to the board. They [legal team] looked at both the Broadcasting Act as well as the Companies Act and there would have been no provision in the Companies Act, and there would have not been a provision that talks to interim board in the case of expiry. If I have to quote them well, it [the Broadcasting Act] is 'silent on the matter'," explains Maneli.

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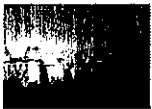
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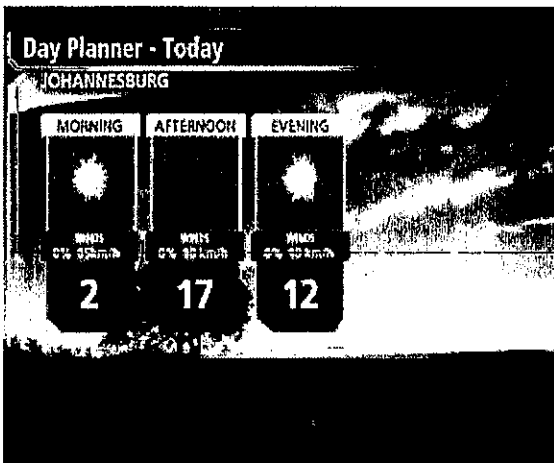


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**VUKA SABC!**  
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**TAN È SABC!**  
**STYG UIT SABC!**  
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**ANNUAL REPORT 2021**



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# VISION

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

# MISSION

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

# VALUES

## TRUST:

always demonstrate honesty and consistent dependability in our interactions in and outside the organisation.

## RESPECT:

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

## INTEGRITY:

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

## QUALITY:

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

This is the 84th Annual Report of the South African Broadcasting Corporation (SABC) Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/30).

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

## REGISTERED OFFICE ADDRESS:

Henley Road, Radio Park, Auckland Park, Gauteng, 2006

## POSTAL ADDRESS:

Private Bag X1, Auckland Park Johannesburg, Gauteng, 2006

## CONTACT DETAIL:

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E-mail: [sabcinfo@sabc.co.za](mailto:sabcinfo@sabc.co.za) | Website: [www.sabc.co.za](http://www.sabc.co.za)

## EXTERNAL AUDITORS INFORMATION:

Auditor General SA, 4 Daventry Street, Lynwood Bridge Office Park, Lynwood Manor, Pretoria

## BANKERS INFORMATION:

ABSA Limited, Absa Towers East, 3rd Floor, 170 Main Street, Johannesburg, Gauteng, 2006

## GROUP COMPANY SECRETARY:

Ms Lindiwe Bayi, Tel: +27 11 714 2153 | Fax: +27 11 714 3219  
Mobile +27 83 303 5945 | E-mail: [BayiL@sabc.co.za](mailto:BayiL@sabc.co.za)  
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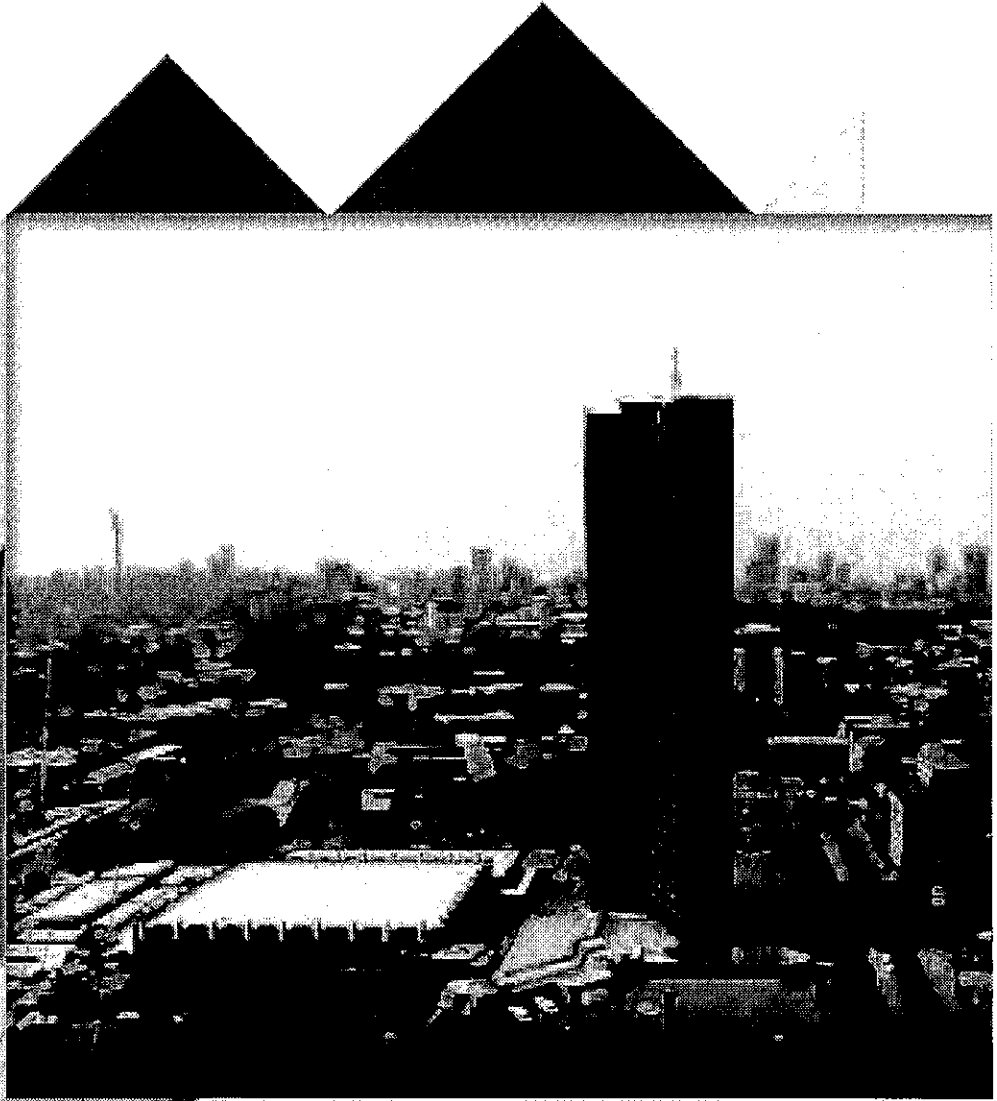
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SABC Headoffice in Auckland Park.

South African Broadcasting Corporation Limited | SABC Annual Report 2020 - 2021

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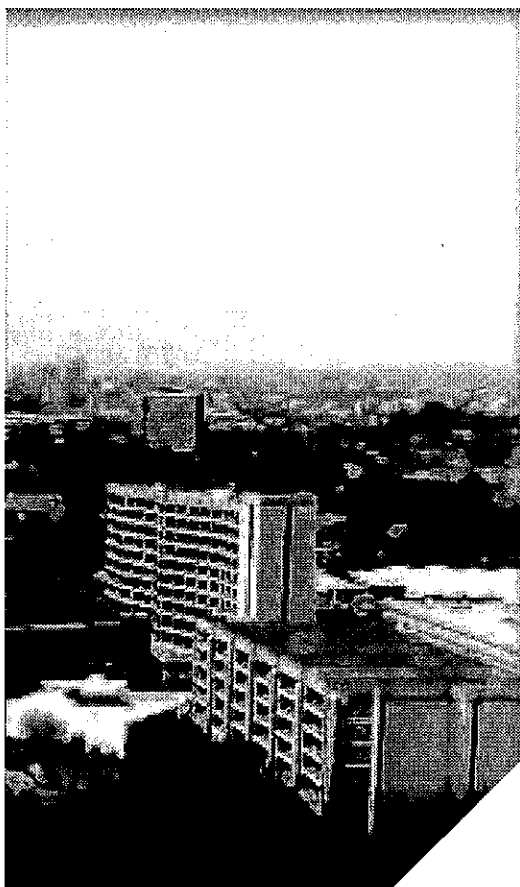
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## List of Abbreviations/

# ACRONYMS

# ACRONYMS

# ACRONYMS

# ACRONYMS

# ACRONYMS

4IR	Fourth Industrial Revolution
15+	Over 15 years of age
ACA	Association for Communications and Advertisements
ADHD	Attention Deficit Hyperactivity Disorder
AFCON	Africa Cup of Nations
AFS	Annual Financial Statements
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
ALS	African Language Stations
AI	Artificial Intelligence
AMPS	All Media Products Survey
ANC	African National Congress
AR	Audience Rating
ARA	Association for Responsible Alcohol Use
ARB	Advertising Regulatory Board
ATKV	Afrikaanse Taal en Kultuur Vereniging
ASA	Athletics South Africa
ASASA	Advertising Standards of South Africa
AU	African Union
BA	Broadcasting Act
BAC	Bid Adjudication Committee
BATSAA	British-American Tobacco Southern Africa
BBC	British Broadcasting Corporation
B-BBEE	Broad-Based Black Economic Empowerment
BCCSA	Broadcasting Complaints Commission of South Africa
BEE	Black Economic Empowerment
BEN-AFRICA	Business Ethics Network of Africa
BES	Broadcast Engineering Services
BRC	Broadcast Research Council
BRICS	Brazil, Russia, India, China and South Africa
BYOD	Bring Your Own Device
CAATS	Computer Aided Audit Tools
CAE	Chief Audit Executive
CAF	Confederation of African Football
CAGR	Compound Average Growth Rate
CANSA	Cancer Association of South Africa
Capex	Capital Expenditure
CAPS	Curriculum Assessment Policy Statement
CCC	Complaints Compliance Committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CDN	Content Delivery Networks
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Corporate Identity
CIO	Chief Information Officer
CoJ	City of Johannesburg
COO	Chief Operations Officer
CPRP	Chartered Public Relations Practitioner
CRL	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
CSA	Cricket South Africa
CSI	Corporate Social Investment

CTV	Cape Town Television
DA	Democratic Alliance
DAB	Digital Audio Broadcasting
DAF	Delegation of Authority Framework
DEAFSA	Deaf Federation of South Africa
DEL	Department of Employment and Labour
DoA	Delegation of Authority
DOC	Digital Operations Centre
DCDT	Department of Communications and Digital Technologies
DoH	Department of Health
DRC	Democratic Republic of Congo
DRM	Digital Radio Mondiale
DRM	Digital Rights Management
DSB	Digital Sound Broadcasting
DSAT	Digital Satellite
DSiv	Digital Satellite Television
DTH	Direct-to-Home
DTI	Department of Trade and Industry
DTT	Digital Terrestrial Television
DW	Deutsche Welle
EAP	Employee Assistance Programme
EBAF	Enterprise Broadcast Architecture Framework
ECA	Electronics Communications Act
ECS	Executive Committee Senate
ED	Economic Development
EE	Employment Equity
EFC	Extreme Fighting Championship
EMC	Executive Management Committee
EMS	Emergency Management Services
EPG	Electronic Programme Guide
ENPS	Electronic News Production System
ESS	Employee Self Service
EVP	Employee Value Proposition
EXCO	Executive Committee
FAMSA	Family and Marriage Society of South Africa
FCC	Final Control Centre
FET	Further Education and Training
FIFA	Fédération Internationale de Football Association
FIPCOM	Finance, Investment and Procurement Committee
FM	Frequency Modulation
FPB	Film and Publication Board
FY	Financial Year
FTA	free-to-air
GCEO	Group Chief Executive Officer
GCIS	Government Communication and Information System
GE	Group Executive
GIA	Group Internal Audit
GIBS	Gordon Institute of Business Science
GTAC	Government Technical Advisory Centre
HCT	HIV Counselling and Testing
HD	High Definition
HDTV	High Definition Television
HR	Human Resources
IAAF	International Association of Athletics Federations
IAJ	Institute for the Advancement of Journalism
IASB	International Accounting Standards Board
IBA	Independent Broadcasting Association
ICASA	Independent Communications Authority of South Africa
ICC	International Cricket Council
ICMA	Inkomati Catchment Management Agency
ICT	Information Communications and Technology
IDZ	Industrial Development Zone
IEC	Independent Electoral Commission
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIASA	Internal Auditors South Africa
IKB	Information Knowledge Building
IMPRA	Independent Music Performance Rights Association
IMT	International Mobile Telecommunications
IOC	International Olympic Committee
IODSA	Institute of Directors
IOD	Injury on Duty
IP	Internet Protocol

IRBA	Independent Regulatory Board of Auditors	PTY	Propriety
ISO	International Organization for Standardization	PWD	People with Disabilities
ISP	Internet Service Provider	QoS	Quality of Service
IT	Information Technology	OSE	Qualifying Small Enterprises
ITIL	Information Technology Infrastructure Library	RAMS	Radio Audience Measurement Survey
ITSM	Information Technology Service Management	RAU	Rand Afrikaanse Univesiteit
ITU	International Telecommunication Union	RBF	Radio Broadcast Facilities
JOSHCO	Johannesburg Social Housing Company	RIA	Regulatory Impact Assessment
KPI	Key Performance Indicator	ROI	Return-on-Investment
KZN	KwaZulu-Natal	RSG	Radio Sonder Grense
LAN	Local Area Network	SAARF	South African Audience Research Foundation
LPT	Low Power Transmitters	SAB	South African Breweries
LTD	Limited	SABC	South African Broadcasting Corporation SOC Limited
LTO	Linear Tape Open	SABS	South African Bureau of Standards
LSM	Living Standards Measure	SADC	Southern African Development Community
MAM	Media Asset Management	SAFA	South African Football Association
MBA	Master of Business Administration	SAFTA	South African Film and Television Awards
MCC	Media Credit Coordinators	SAG	Strategy Architecture Group
MCR	Main Control Room	SAICA	South African Institute of Chartered Accountants
MDM	Mobile Device Management	SALGA	South African Local Government Association
ME	Metro Ethernet	SAMA's	South African Music Awards
MEC	Member of Executive Council	SAN	Storage Area Network
MEGA	Mpumalanga Economic Growth Agency	SANBS	South African National Blood Services
MEX	Music Exchange Conference	SANEF	South African Editor's Forum
MGP	Mpumalanga Gambling Board	SANYO	South African National Youth Orchestra
MHz	Megahertz	SAP	System Application and Products in Data Processing
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority	SATMA	South African Traditional Music Awards
MMA	Media Monitoring Africa	SEVA	SABC Education Virtual Academy
MMA	METRO FM Music Awards	SAWID	South African Women in Development
MMSR	Member of the Mapungubwe Society of Researchers	SCM	Supply Chain Management
Mol	Memorandum of Incorporation	SCOPA	Standing Committee on Public Accounts
MoU	Memorandum of Understanding	SEM	Socio-Economic Measure
MSL	Mzansi Super League	SFN	Single Frequency Network
MTEF	Medium-Term Expenditure Framework	SITA	State Information Technology Agency
MTI	Media, Technology and Infrastructure	SIU	Special Investigating Unit
MTPA	Mpumalanga Tourism and Parks Authority	SLA	Service Level Agreement
MWASA	Media Workers' Association of South Africa	SOC	State Owned Company
NAB	National Association of Broadcasters	SOE	State Owned Enterprise
NBA	National Basketball Association	SONA	State of the Nation Address
NCA	National Credit Act	SOP's	Standard Operating Procedures
NCC	National Consumer Commission	SOPA	State of the Province Address
NDP	National Development Plan	SRSA	Sports and Recreation South Africa
NGO's	Non-Governmental Organisations	STB	Set Top Box
NEMISA	National Electronic Media Institute of South Africa	TAMS	Television Audience Measurement Survey
NSFAS	National Student Financial Aid Scheme	THE "ACT"	The Broadcasting Act
NFVF	National Film and Video Foundation	The "Bill"	The Copyright Amendment Bill 13B of 2017
NKP	National Key Point	TGRP	Total Guaranteed Remuneration Package
NOF	National Qualifications Framework	TOR	Terms of Reference
NYDA	Youth Development Agency	TV	Television
OB	Outside Broadcast	TVBMS	Television Broadcast Management System
ODA	Optical Disk Archiving	TVBR	Television Broadcast Resources
ODI	One Day International	TVET	Technical and Vocational Education and Training
OHS	Occupational Health and Safety	UL	University of Limpopo
OTT	Over-The-Top	UCT	University of Cape Town
OVP	Online Video Platform	UN	United Nations
PAA	Public Audit Act No. 25 of 2004	UNESCO	United Nations Educational, Scientific and Cultural Organization
PAC	Pan Africanist Congress	UNISA	University of South Africa
PanSALB	Pan South African Language Board	UNIN	University of the North
PBS	Public Broadcasting Services	UK	United Kingdom
PCC	Portfolio Committee on Communications	US	United States
PCS	Public Commercial Services	USA	United States of America
PDO's	Predetermined Objectives	UWC	University of Western Cape
PEB	Public Election Broadcast	VAT	Value Added Tax
PFMA	Public Finance Management Act No. 1 of 1999	VHF	Very High Frequency
PGM	Provincial General Manager	VOD	Video on Demand
PIFSA	Printing Industries of South Africa	VOV	Voice of Vietnam
PIC	Public Investment Corporation	WAN	Wide Area Network
Projourn	Professional Journalism body	WASPA	Wireless Application Service Providers Association
PQWA	People Opposing Women Abuse	WIL	Work Integrated Learning
PPPF	Preferential Procurement Policy Framework	WITS	University of Witwatersrand
PR	Public Relations	WSP	Workplace Skills Plan
PRISA	Public Relations Institute of South Africa		
PSA	Public Service Announcement		
PSL	Premier Soccer League		



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SCAN this QR code to view Ms Noxolo Grootboom's last News broadcast.



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can Broadcasting Corporation (SABC) Ltd | SABC Annual Report 2020 - 2021 | 32

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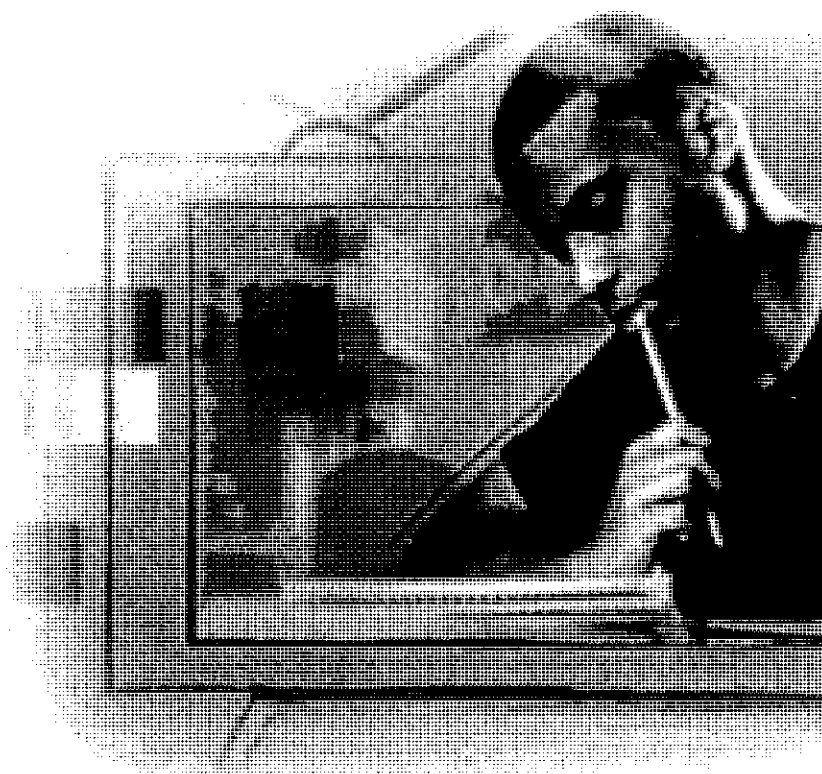
# NOXOLO GROOTBOOM

A veteran IsiXhosa news anchor whose career at the SABC spans more than three decades, went on retirement at the end of the 2020/21 financial year, with an untainted and outstanding performance record.

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## SABC's Legislative Framework, Mandates and

# OBJECTIVES OBJECTIVES OBJECTIVES OBJECTIVES OBJECTIVES



The South African Broadcasting Corporation (SABC) Limited ("The SABC") is a Schedule 2 ("Major Public Entity") entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA"), as amended. The Corporation is subject to a list of legislation in the course of its operations.

### THE BROADCASTING ACT

The Broadcasting Act (The Act) is the SABC's founding statute. In terms of the Act, the SABC's obligations are captured in the Independent Communications Authority of South Africa ("ICASA") Regulations and license conditions of the Corporation's five television channels and 18 radio stations.\*

The business of the SABC is further defined by the Act into two distinct services namely; the Public Broadcasting Services ("PBS") and Public Commercial Services ("PCS"), which are to be administered separately. Each SABC radio service and television channel is licensed independently by ICASA, and each is required to adhere to its respective license conditions and the provisions of the Broadcasting Act, including the SABC Charter. The SABC has advanced the view that the Broadcasting Act should not contain a distinction between the two services, because in practice it has a unitary model that governs its services. Due to this arrangement, the SABC is unable to account separately for each group of services (PBS 15 radio stations and two TV channels; PCS three radio stations and three TV channels).

### PUBLIC AND COMMERCIAL BROADCASTING SERVICE MANDATE

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

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

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

- The Public Finance Management Act ("PFMA") No.1 of 1999, as amended;
- The King IV Report on Corporate Governance for South Africa\*\*;
- South African National Treasury Regulations;
- The SABC's Delegation of Authority Framework;
- Basic Conditions of Employment Act No. 75 of 1997, as amended;
- Labour Relations Act No. 66 of 1995, as amended;
- Employment Equity Act No. 55 of 1998, as amended;
- The Competition Act 89 of 1998, as amended;

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SCAN this QR code to view additional content on the SABC Education channel - which was launched on 30 April 2020 to provide additional assistance to learners during the COVID-19 pandemic.

- The Preferential Procurement Policy Framework Act No. 5 of 2000, as amended;
- The Skills Development Act No. 97 of 1998, as amended; and
- SABC Editorial Policies

### THE OBJECTIVES OF THE SABC

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

- (a) To make its services available throughout the Republic;
  - (b) To provide sound and television broadcasting services, whether by analogue or digital means and to provide sound and television programmes of information, education and entertainment funded by advertisements, subscription, sponsorship, license fees or any other means of finance;
  - (c) To acquire from time to time a license or licenses for such period and subject to such regulations, provisions and license conditions as may be prescribed by the Authority;
  - (d) To provide, in its public broadcasting services, radio and television programming that informs, educates and entertains;
  - (e) To be responsive to audience needs, including the needs of the deaf and the blind and account on how to meet those needs;
  - (f) To provide other services, whether or not broadcasting or programme supply services, such services being ancillary services;
- (g) To provide television and radio programmes and any other material to be transmitted or distributed by the common carrier for free-to-air reception by the public subject to section 33 of this Act;
  - (h) To provide to other bodies by such means and methods as may be convenient, services, programmes and materials to be transmitted or distributed by such bodies and to receive from such other bodies services, programmes and materials to be transmitted by stations of the Corporation for a reception as above;
  - (i) To commission, compile, prepare, edit, make, print, publish, issue, circulate and distribute, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, videotapes, audio-visual and interactive material, whether analogue or digital and whether on media now known or hereafter invented, as may be conducive to any of the objects of the Corporation;
  - (j) To establish and maintain libraries and archives containing materials relevant to the objects of the Corporation and to make available to the public such libraries and archives with or without charge;
  - (k) To organise, present, produce, provide or subsidise concerts, shows, variety performances, revues, musical and other productions and performances and other entertainment whether live or recorded in connection with the broadcasting and programme supply services of the Corporation or for any purpose incidental thereto;
  - (l) To collect news and information in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies;
  - (m) To carry out research and development work in relation to any technology relevant to the objects of the Corporation and to acquire by operation of law, registration, purchase, assignment, license or otherwise copyright and designs, trademarks, trade names and any other intellectual, industrial and commercial property rights;
  - (n) To nurture South African talent and train people in production skills and carry out research and development for the benefit of audiences;
  - (o) To develop, produce, manufacture, purchase, acquire, use, display, sell, rent or dispose of sound recordings and films and materials and apparatus for use in connection with such sound recordings and films; and
  - (p) To develop and extend the services of the Corporation beyond the borders of South Africa.



# Showcasing SABC

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## SABC RADIO STATIONS

SABC Radio remains the leading hub of entertainment, news and information to the millions of South African citizens and audiences beyond the South African borders. During the year under review, SABC Radio Stations expanded their news and current affairs offering in response to the escalating need for public awareness and more targeted information around the coronavirus outbreak.

Boasting an unrivalled 73.2%\* share of the radio market, SABC Radio Stations continue to deliver on their mandate of educating, informing and entertaining millions of the audiences they serve.

[Source: Broadcast Research Council (BRC) Radio Audience Measurement Survey (RAMS) April 2020-March 2021].

### Public Broadcasting Services (PBS)



**Ikwekwezi FM** is a contemporary radio station catering to the diverse needs and preferences of the IsiNdebele linguistic community. The station serves the young and old, offering news, entertainment and educational programming. Ikwekwezi FM works closely with the community in shaping, developing and preserving its heritage.

▶ Average weekly audience: 1 090 000\* adults (15+)



**Lesedi FM** For almost six decades, the station has delivered high-quality content for Sesotho speaking South Africans. The station broadcasts from Bloemfontein in the Free State, with Gauteng as its second stronghold. Its programming delves deep into issues that serve the developmental needs of its listeners, from news to the latest music.

▶ Average weekly audience: 3 346 000\* adults (15+)



**Ligwalagwala FM** As an effervescent radio station, it resonates with the young and young at heart, motivated, and upwardly mobile SiSwati-speaking people. It expresses an urban and aspirational lifestyle, while remaining deeply committed to serving the needs of its traditional countryside audiences.

▶ Average weekly audience: 1 090 000\* adults (15+)



**Lotus FM** caters primarily to the South African Indian community that is firmly rooted in three main religions (Hindu, Islam and Christianity). It delivers its programming using a variety of languages, that is, Hindi, Tamil, Urdu, Gujarati and Telegu. The station offers a mix of informative, educational and entertaining programmes reflecting the colourful lifestyle and traditions of its dynamic audience. Lotus FM promotes a proudly South African Indian media brand.

▶ Average weekly audience: 185 000\* adults (15+)



**Motsweding FM** The station's core philosophy is informed by the need for empowerment and development of its listenership. It broadcasts in Setswana from Mahikeng, Gauteng is its secondary audience base, while it has a spillover listenership into Botswana. As an aspirational station, Motsweding provides news and entertainment that strives to be worldly and cosmopolitan.

▶ Average weekly audience: 2 755 000\* adults (15+)



**Munghana Lonene FM** broadcasts in XiTsonga and supports the aspirations of its listeners, while promoting and preserving their culture and heritage. The station proactively provides listener participation opportunities, and deliberately seeks diverse expert opinions and commentary on various topical issues.

▶ Average weekly audience: 1 208 000\* adults (15+)



**Phalaphala FM** inspires its listeners to dream, act and succeed, while providing a platform for sharing knowledge, experience and expertise across a range of subjects. The station broadcasts from Polokwane in Limpopo, and targets young aspirant and upwardly mobile Tshivenda speaking listeners while keeping the old informed about developments in their world.

▶ Average weekly audience: 804 000\* adults (15+)



**Radio 2000** broadcasts in English, is available countrywide and reflects South Africa's diverse cultures. The station's programming mix consists of adult crossover music, magazine and talk. Radio 2000 content engages audiences in vibrant, insightful and empowering conversations on a variety of subjects.

▶ Average weekly audience: 751 000\* adults (15+)



**RSG** is a contemporary Afrikaans radio station representing a modern inclusive way of life. The station is home to progressive, forward-thinking, loyal and family orientated Afrikaans speaking audiences. Among some of the station's programming drivers are arts and sports.

▶ Average weekly audience: 1 329 000\* adults (15+)

\*Disclaimer: The April 2020-March 2021 Radio Audience Measurement Survey (RAMS) were used for the period under review, as the Broadcast Research Council (BRC) was reviewing the options for release of the new RAMS data, at the time of going to print.

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Radio personalities from Radio 2000, 5FM and Tru FM.

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**SAfm** is a platform for robust and insightful conversations on topical issues, delivering credible up-to-the-minute news coverage. In accordance with its PBS mandate, SAfm explores broader nation-building themes that resonate with the needs of its audiences through its talk format. It appeals to discerning, mature and sophisticated listeners nationally.

▶ Average weekly audience: 192 000\* adults (15+)
- 

**Thobela FM**'s programming is geared towards enhancing the personal development and growth of its listeners, and preserving their culture in a fast-modernising world. The station broadcasts in Sepedi from Polokwane, and appeals to the young and old alike. Its programming includes news and current affairs, drama, education, music, religion and culture.

▶ Average weekly audience: 2 925 000\* adults (15+)
- 

**Tru FM** views youth and youthfulness as an opportunity, and young people as a resource. Broadcasting from the Eastern Cape, the station carries a blend of isiXhosa and English programming and is a platform for young people of the Eastern Cape to express themselves. Tru FM provides content that enables its listeners to improve their quality of life as well as to focus on self-development.

▶ Average weekly audience: 187 000\* adults (15+)
- 

**Ukhozi FM** is the largest radio station in the country focusing on public service content that is educational, informative and entertaining. Broadcasting in isiZulu, the station strives to preserve the heritage of its audiences while providing developmental content. Among others, strong traditional, choral and spiritual music genres set this station apart from its competitors. For the past five consecutive years, the station has attracted and retained audiences in excess of seven million.

▶ Average weekly audience: 7 607 000\* adults (15+)
- 

**Umhlobo Wenene FM** broadcasts in isiXhosa from Port Elizabeth in the Eastern Cape and boasts a national footprint, making it the second-largest radio station in the country. The station is widely known for its interactive quality programming, including sports, riveting dramas and captivating traditional music genres.

▶ Average weekly audience: 5 850 000\* adults (15+)
- 

**XK FM** is a public service community radio station which caters to the needs and preferences of the San people in Platfontein. The station broadcasts in Xunthali and Khwedam languages from Kimberley in the Northern Cape. It plays an essential role in preserving the cultures of the indigenous communities in the area, and provides content that seeks to uplift, inform and develop them.

▶ Average weekly audience: 3 000\* adults (15+)
- Public Commercial Services (PCS)**
- 

**5FM** is an entertainment powerhouse for South African youth, offering popular music and entertainment on radio. Daring to walk on the wild side, the station encourages freedom of expression as core to its values. The station boasts one of the largest social media following in South African media with more than 1.4 million Facebook and Twitter followers combined.

▶ Average weekly audience: 607 000\* adults (15+)
- 

**Good Hope FM** encapsulates the fun, energy and funkiness of Cape Town. It entertains and actively engages Capetonians through music, relevant lifestyle news and events. The station is well-positioned to meet the lifestyle needs of its audience by highlighting issues of public concern and high-profile events.

▶ Average weekly audience: 468 000\* adults (15+)
- 

**METRO FM** is the most influential radio brand for the young in mind urban adults, who embrace a pragmatic and progressive worldview and lifestyle. It is the largest commercial radio station in South Africa with listeners in excess of 4 million. While primarily a music station, METRO FM also delivers credible and impartial news content that keeps its listeners engaged and informed. Owing to its reach, the station plays an important role in developing and promoting musical talent in South Africa.

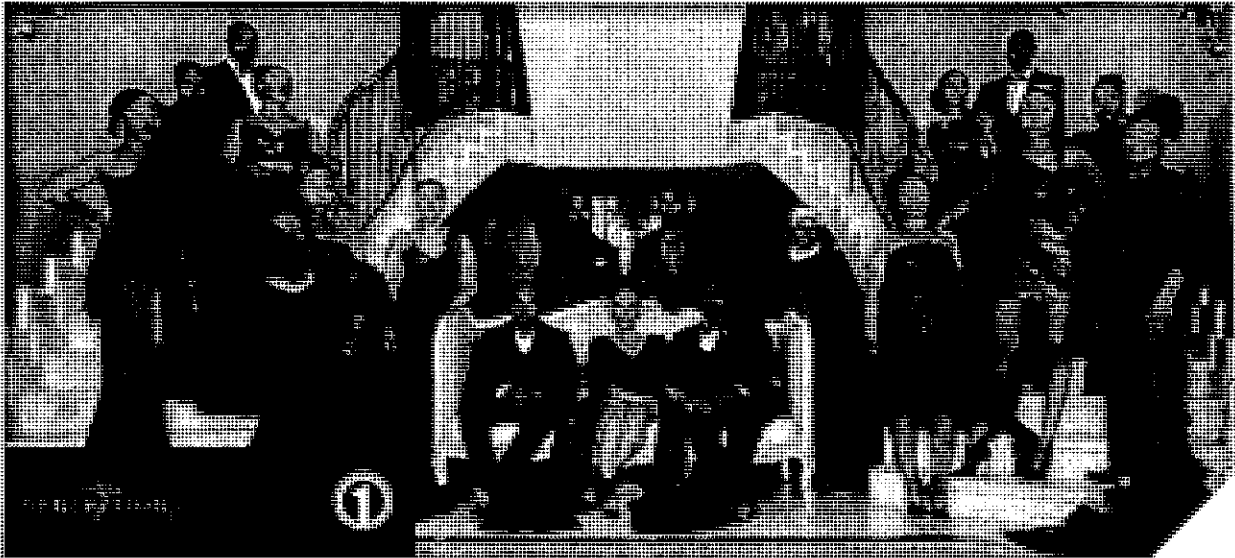
▶ Average weekly audience: 4 331 000\* adults (15+)

**Administered for Department of Communications and Digital Technologies (DCDT)**



**CHANNEL AFRICA** is a radio station managed by the SABC for the Department of Communications and Digital Technologies (DCDT). The station broadcasts on the shortwave spectrum to the Southern, Eastern and Western African audiences in six languages: English, French, Chinyanja, Portuguese, Silozi and Swahili. The station's mandate is to promote South Africa's foreign policy to the rest of Africa and the world.

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The cast of Generations featured on SABC1.

### SABC TELEVISION CHANNELS

The SABC boasts six free-to-air (FTA) television channels, three exclusive to the DTT platform with an additional News Channel (404) on a subscription satellite network. Collectively, these channels deliver compelling local and international content offering in all South Africa's languages countrywide, with a footprint that extends beyond the borders. FTA channels SABC1, SABC2 and SABC3 attract on average 25.8 million South African viewers in a typical month.

[Source: Broadcast Research Council (BRC) Television Audience Measurement Survey (TAMS) covering the period of 1 April 2020 - 31 March 2021]

#### PBS



**SABC1** is a free-to-air channel that provides public service programming which caters to content needs and preferences of the youth, as defined by age, attitude or aspiration. It reflects a society that is in motion, evolving and progressive. Offering factuality and entertainment programming, the channel broadcasts in indigenous South African languages of the IsiNguni group such as IsiNdebele, Siswati, IsiZulu and IsiXhosa, as well as English. Its coverage via analogue and Digital Terrestrial Transmitter (DTT) networks reaches 91.2% of the population. It is also available via satellite on the DStv and Vivid Direct-to-Home (DTH) digital satellite platforms.

▶ All-adult prime time audience share: 23 465 889 South African viewers in a typical month.



**SABC2** is a full public service free-to-air channel which places family, community and culture at the centre of its programming and activities. The channel provides educational, informative and entertaining content in Sesotho, SeTswana, Sepedi, Tshivenda, Xitsonga, as well as Afrikaans and English. The coverage is via analogue and DTT networks, reaching 92.5% of the population. It is also available via satellite on the DStv and Vivid DTH digital satellite platforms.

▶ All-adult prime time audience share: 21 673 379 South African viewers in a typical month.

#### PCS



**SABC3** is a public commercial television channel, offering its diverse viewership content that presents a kaleidoscope of views and experiences. It broadcasts primarily in English and carries 10% of its programmes in indigenous South African languages. The channel's coverage is via analogue and DTT networks, covering 82.1% of the population. It is also available via satellite on the DStv and Vivid DTH digital satellite platforms.

▶ All-adult prime time audience share: 17 013 136 South African viewers in a typical month

### DIGITAL TERRESTRIAL TELEVISION (DTT) SATELLITE NETWORK CHANNELS

The SABC DTT channels include the Parliamentary Channel, SABC Education and SABC Sport.



**SABC ENCORE** SABC ENCORE was discontinued on the DTT Platform and will be relaunched on DTT and another platform during 2021/22.



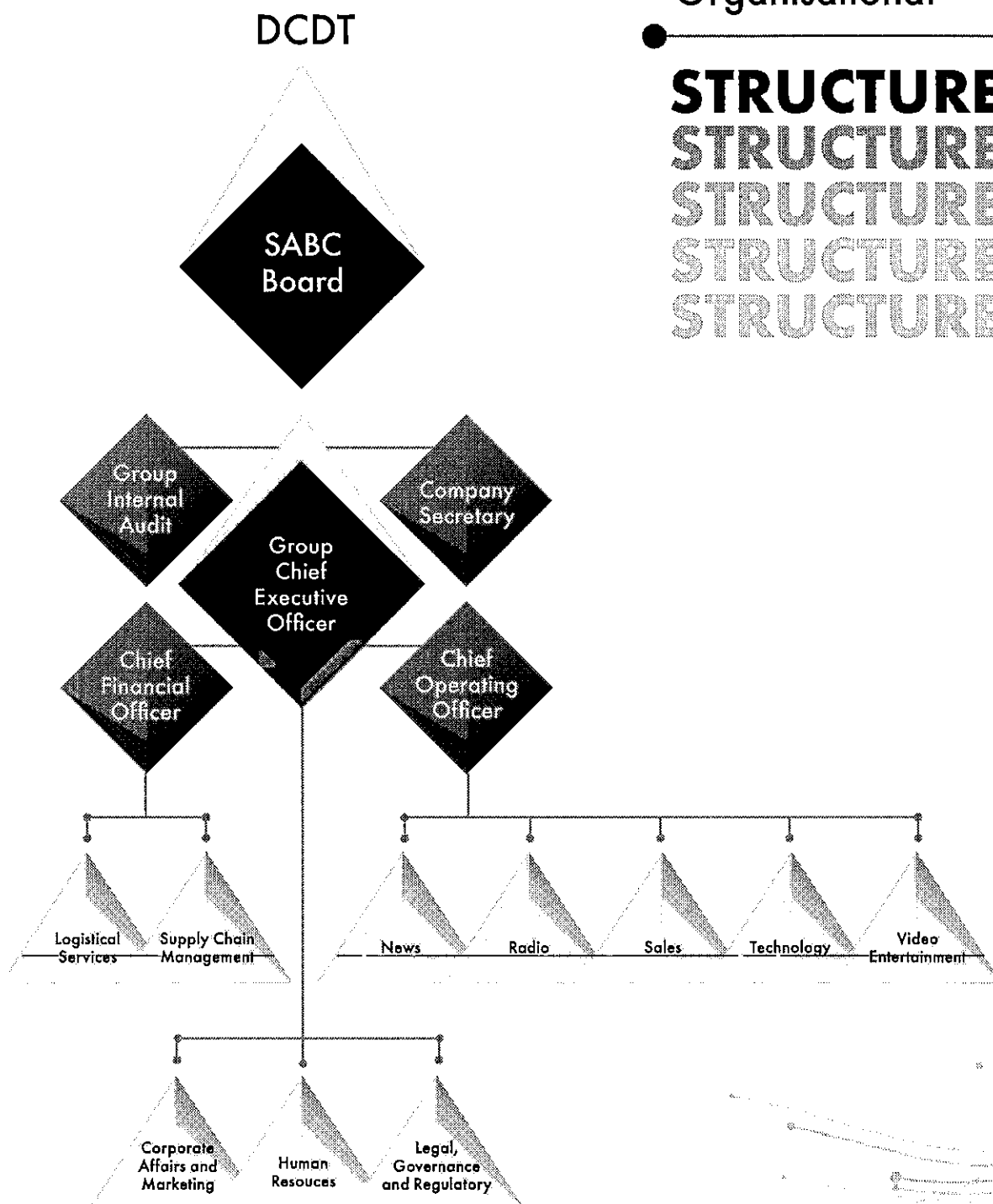
**SABC News Channel** is a full spectrum factuality platform which carries news and current affairs programming. It is the national market leader in the South African 24-hour news domain. Broadcast on the DStv network (404), the channel offers rolling news, in-depth coverage and current affairs programming. It broadcasts in English and reaches 51 African countries, as it aspires to be a distinguished Pan African public news service. The channel continues to record impressive growth, and boasts 18 hours of live coverage daily. Available via Digital-to-Home Satellite Network Channels.

▶ All-adult prime time audience share: 7 204 278 South African viewers in a typical month.

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# Organisational

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# FOREWORD

## FOREWORD

### FOREWORD

#### FOREWORD

##### FOREWORD

by the Chairperson



The year under review was characterised by increased social inequality and unemployment and an economic meltdown exacerbated by the COVID-19 pandemic. Public institutions were placed under immense pressure to deliver much-needed services, and the SABC was no exception. Notwithstanding the grave challenges faced in the reporting period, the SABC demonstrated the undeniable value and commitment to delivering its public mandate while developing a sustainable public broadcasting service that supports constitutional democracy.

The year under review was characterised by increased social inequality and unemployment and an economic meltdown exacerbated by the COVID-19 pandemic. Public institutions were placed under immense pressure to deliver much-needed services, and the SABC was no exception. Notwithstanding the grave challenges faced in the reporting period, the SABC demonstrated the undeniable value and commitment to delivering its public mandate while developing a sustainable public broadcasting service that supports constitutional democracy.

The SABC launched the Education Channel that guaranteed continued learning outside the traditional classroom environment for learners at the height of lockdown. The public broadcaster also kept television productions in operation so that audiences could access compelling content that was informative, educational and entertaining while providing life-saving health updates and public interest briefings on its national television and radio platforms.

Given the public value offered by the SABC, it is vital for South Africa to reimagine the role of the public broadcasting service and all its audio and audiovisual content services in the context of major societal challenges and technological developments. The SABC's Turnaround Plan is based on the accepted principle that the sustainability of the public broadcaster should be through the financing of public mandate programming, which is essential to South Africa's constitutional democracy.

With 18 months remaining for the current Board's term of office, it is important to highlight the three distinct phases in restoring the SABC to long-term sustainability and the progress made thus far in:

- The Stabilising Phase;
- The Sustaining Phase; and
- The Growth Phase.

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During the Stabilising Phase - 2017-2019 - the Board and management were faced with legacy governance failures that required urgent action. As a result, the Board filled vacant positions of the top executive team, rebuilt and strengthened relationships with key stakeholders, proposed fundamental legislative and regulatory reforms, renegotiated contracts and developed a lasting Treasury-approved Turnaround Plan that included a R3.2bn financial injection.

The SABC is currently completing the second phase of its long-term sustainability, namely the Sustaining Phase. During this critical phase, from 2019 to date - the Board approved a new Target Operating Model and completed an arduous but necessary retrenchment process, which led to 621 employees leaving the organisation through either retrenchments or redundancies or voluntary retirements. The process tested the organisation at all levels and was to an emotional experience for all employees of the SABC.

The Board and management also sought to address the SABC's second-biggest cost driver after salaries, namely the prohibitively high cost of Sentech's signal distribution services. Sentech currently has a de facto monopoly over key distribution and transmission platforms on which the SABC depends. While the SABC remains committed to DTT, the current DTT signal distribution cost is unsustainable. As more households migrate to the DTH platforms, the DTT network has become increasingly more costly on a per viewer basis. The SABC supports the principle of technology neutrality and continues to implement both DTT and DTH whilst also trying to drive down the costs of DTT through negotiation and regulatory intervention.

A key aspect of this Sustaining Phase was the Board approving an investment that will enable the SABC to catch up and leapfrog on the technology front after years of underinvestment. Without proper investment in the right digital infrastructure, no media, content or entertainment company can survive.

In this regard, last year the SABC Board approved an Over-the-Top (OTT) streaming strategy with the short-term goal that the SABC will leverage online and mobile platforms to allow audiences to access all SABC content and services anywhere, anytime and on any device. This project has progressed, and an RFP will be issued in 2021 to launch the SABC's streaming platform before the end of the 2021/2022 financial year. This OTT platform is one of the missing pieces of the public broadcaster's distribution architecture and will be vital to the SABC's ability to control its destiny.

The SABC still operates in a highly restrictive, anti-competitive and outdated regulatory environment which has directly impacted on the public broadcaster's sustainability. As such, the Board approved comprehensive proposals to the Government on the SABC's future funding model, including a device-independent public broadcasting levy, funding the unfunded mandate and dealing with the prejudicial impact on the SABC of regulations on Must Carry and Sports Broadcasting, in particular. These prejudicial regulations have had an anti-competitive and materially adverse effect on the SABC's finances.

The last piece of the Sustaining Phase is the investment in new and exciting content that will bear fruit in the next

12-18 months, given the commissioning and production turnaround times. The SABC is committed to streamlining these commissioning procedures in order to compete with other broadcasters whilst complying with Treasury guidelines and PFMA stipulations.

The Growth Phase will be the Board's focus over the last 18 months before our term of office ends in October 2022. As we put the final pieces into place for the sustainability of the SABC, the Board and management can start focusing and planning for growth. This is already evidenced in the 100% sell-out status achieved in November 2020 on SABC1 and SABC2 prime time, for the first time in over five years. In addition, the signing of carriage agreements with OpenView on satellite and Telkom via streaming indicates the growth potential for future commercial partnerships

The Board is also confident that the investment in new content will ensure audience retention and help the SABC grow audiences across DTT, DTH and OTT platforms.

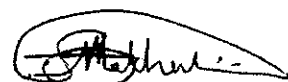
The SABC remains committed to the final push for digital migration to DTT and DTH to free up valuable spectrum for mobile broadband. While Analogue Switch Off (ASO) has been targeted by government for the end of March 2022, this is dependent on a critical mass of SABC's audiences having digital broadcasting devices to be able to access SABC content after ASO.

A key part of ensuring long term growth will be the guarantee to cover the SABC's unfunded mandate. Therefore, SABC has proposed that relevant government departments should be allocated budget for public interest programming without compromising the SABC's editorial independence. These departments should include the Departments of Health; Basic Education; Higher Education and Training; Sports, Arts and Culture, GCIS and the DCDT.

Despite the absence of sufficient funding for the public mandate, the SABC remains committed to turning the organisation around. However, it will become more difficult to adequately meet the public mandate in all respects without additional funding, over and above the proposed public broadcasting household levy.

On behalf of the SABC Board, I would like to take this opportunity to thank our stakeholders, business partners, and audiences for their continued support in challenging times. We also thank our shareholder representatives, Minister Stella Ndabeni-Abrahams and Deputy Minister Pinky Sharon Kekana for their guidance and stewardship. We would like to welcome Minister Khumbudzo Ntshavheni and Deputy Minister Philemon Mapulane. We are looking forward to a good working relationship with both of them.

Lastly, to the executive team and all SABC staff, we owe you a debt of gratitude and appreciation for your dedication and hard work under the challenging and stressful conditions we have experienced in the recent past.

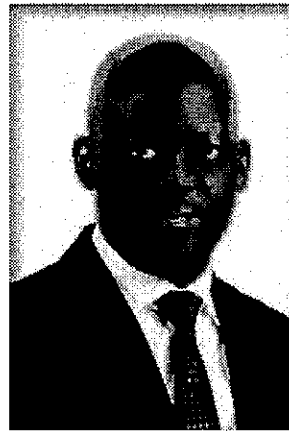


Mr Bongumusa Makhathini  
Chairperson of the SABC Board




# COMPOSITION COMPOSITION COMPOSITION COMPOSITION

## of the Board



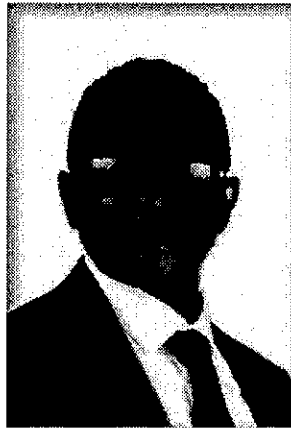
▲ 1. Mr Bangumusa Makhathini  
Chairperson



▲ 2. Ms Mamadupi  
Mahlala-Mulaudzi  
Deputy Chairperson



▲ 3. Prof Sathasivan Cooper



▲ 4. Adv Benjamin Motshedi  
Lekalakala



▲ 5. Mr David Maimela



▲ 6. Mr Michael Markovitz

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

The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC will be governed and controlled, in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Non-Executive Directors are required to appoint the Executive Directors independently in consultation with the Minister of Communications.

The Honourable State President appointed 8 Non-Executive Directors (NEDs) on 11 April 2019 and the appointment resulted in a fully quorate and functional Board. The term of the current Board shall expire in October 2022.

### DIRECTORS

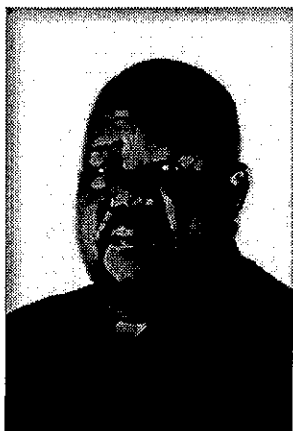
1. Mr Bongumusa Emmanuel Makhathini  
Chairperson  
Appointed to the Board on 16 October 2017

Masters of Commerce in Business Management (MCom), University of Johannesburg, South Africa - 2007 to 2009; Business Management and Economics Certificate, University of Johannesburg, South Africa - 2004; BA Honours Degree in Geography (BAHons), University of Zululand, South Africa - 2000; B. Paed in Geography and Business Management, University of Zululand, South Africa - 1999

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

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

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▲ 7. Mr Dinkwanyane Mohuba



▲ 8. Ms Jasmina Patel



▲ 9. Mr Jack Phalane



▲ 10. Ms Mary Papayya



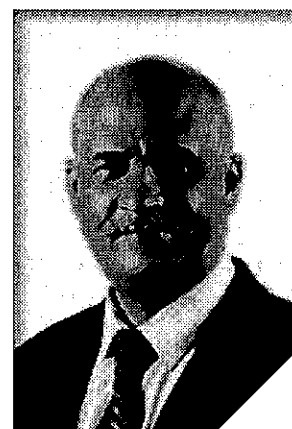
▲ 11. Dr Marcia Socikwa



▲ 12. Mr Madoda Mxakwe  
Group Chief Executive  
Officer



▲ 13. Ms Yolande van Biljon  
Chief Financial Officer



▲ 14. Mr Ian Platjies  
Chief Operations Officer

consulting and strategy, handling complex IT and business transformation projects.

## 2. Ms Mamodupi Mohlala-Mulaudzi

Deputy Chairperson

Appointed to the Board from 11 April 2019

B.A. (LAW) (University of Swaziland); L.L.B (University of Witwatersrand); L.L.M (University of Witwatersrand); Mini-MBA Telecommunications (Telecoms Academy- London United Kingdom); World Bank Training Program on Utility Regulation and Strategy (University of Florida Gainesville Campus Florida United States of America); Senior Executive Programme - Advanced Executive Management Programme (University of London- United Kingdom).

Ms Mohlala-Mulaudzi currently serves as the CEO of the Estate Agency Affairs Board; director of Mohlala Attorneys; Independent Expert to the Supervisory Committee of the Department of Correctional Services; Chairperson of the Gauteng Rental Housing Tribunal; Board member of the South African Diamond and Precious Metals Regulator Board; Audit Committee member of the Department of Transport; Chairperson Appeal Authority of the Emfuleni Municipality Land Planning and Chairperson of Tshwane Mental Health Review Board.

She was Acting Judge of the Gauteng Local Division of the High Court, Johannesburg; Director-General of the Department of Communication; Pension Fund Adjudicator (Chief Executive Officer/Specialist Judge) at the Office of the Pension Funds Adjudicator; National

Consumer Commissioner of the Office of the National Consumer Commissioner; Councillor of the Independent Communications Authority of South Africa (ICASA) and Lecturer at the University of South Africa (UNISA).

Ms Mohlala-Mulaudzi has written six articles, namely 'Sequestration: is it a real solution' – CODICILUS – June 2000-UNISA Publication; 'Marriage and its consequences' – Tribute-August 1999; 'Affirmative Action: is it a real contributor in the reconstruction and development process' – unpublished; 'Land redistribution – unpublished; 'Lessons to be learnt from the ethnic contact' – unpublished; and 'Sins of the Father visited upon the Daughter' – Black Lawyers Association Bulletin.

## 3. Prof Saths Cooper

Appointed to the Board on 11 April 2019

PhD, MA (Boston University; Fulbright Scholar); BA Hons (University of Witwatersrand); BA (University of South Africa).

A Fellow of the British, Indian, Irish, and South African Psychological Societies, he was Vice-Chancellor of the University of Durban-Westville, is Extraordinary Professor at The University of Pretoria and Visiting Professor at The University of Johannesburg. Having spent nine years in apartheid prisons - serving five years in the same Robben Island cell block as President Mandela - he obtained his PhD in Clinical/Community Psychology as a Fulbright Scholar in 1989 from Boston University, USA. He is also President of the Pan-African Psychology Union, immediate



Leadership and stakeholders at the launch of the SABC Sport channel

Past President of the International Union of Psychological Science, and Governing Board Member of the International Science Council.

#### 4. Adv Benjamin Motshedi Lekalakala

Appointed to the Board on 11 April 2019

BA (Law), LLB, HDIP (CO. Law) (Wits University); LLM (Tax) (RAU), Executive Development Programme (Wits Business School); Executive Development Programme (University of Reno, Nevada); Executive Development Programme (Stanford University, California) Post Graduate Certificate - Broadcasting (Wits Business School).

Adv Lekalakala practised both as an attorney and an advocate, worked for the public service as Director, Chief Director and Chief of Staff. He previously worked for Telkom as an Executive responsible for Public Policy and Legislation. He was also appointed as Chief Executive Officer - Gauteng Gambling Board and Secretary to Council, City of Johannesburg and City of Ekurhuleni.

#### 5. Mr David Maimela

Appointed to the Board on 11 April 2019

MA (Politics) Cum Laude, University of Johannesburg; BA. Hons (International Relations); B. PolSci, University of Pretoria.

Mr Maimela is an International Relations and Foreign Policy specialist, a writer, researcher, public speaker, manager and public policy strategist. He has more than ten years of experience as a professional straddling the public, research and academic, civil society and consultancy sectors. His previous work experience includes serving as Chief of Staff: Office of the Commissioner at the Competition Commission SA, as a Researcher: Political Economy Faculty at MISTRA and as Deputy Director: Policy and Governance, in the Office of the Premier, Gauteng. He is the former Head of Office (Chief of Staff) in the Office of the Member of Executive Council for Gauteng Health, and notably a member of the University of Limpopo Council, as well as, a Member of the Mapungubwe Society of Researchers (MMSR).

He is currently the Executive Director of the Polisee Space, a Pan-African public policy think-tank.

#### 6. Mr Michael Grant Markovitz

Appointed to the Board on 16 October 2017

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

Mr Michael Markovitz has over two decades of experience as an executive and consultant in the media, technology and entertainment sectors. During this period, he headed

up PRIMEDIA's Digital Division, served on the company's Group Executive Committee and chaired five Group Company Boards over a period of eight years.

Mr Markovitz is also a former journalist and media activist. He was a leading figure in the "Free the Airwaves" campaign in the early 1990s and was involved in negotiations to ensure the first independently appointed SABC Board in 1993.

Mr Markovitz has expertise in policy and regulation, having participated in drafting South Africa's new broadcasting legislation in 1993 at the Multi-Party Negotiation Process. He also served as the Special Adviser to the Independent Broadcasting Authority (IBA) Chairperson and thereafter ICASA's Chairperson, Mr Mandla Langa from 1999 to 2005. Mr Markovitz was appointed by the Minister of Communications to serve on the Digital Migration Advisory Council between 2018 to 2020 and chaired the Expert Reference Panel that assisted Government with the Draft White Paper on Audio and Audio-visual Content Services (2020).

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

#### 7. Mr Dinkwanyane Kgalema Mahuba

Appointed to the Board on 16 October 2017

BA Paed, B.Ed (UNIN now UL); Management Development Programme (Unisa SBL); Higher Education and Leadership and Management - HELM (Wits School of Governance); Executive Management Programme-EMP (Turfloop Graduate School of Leadership, UL); Executive Development Programme-EDP (University of Stellenbosch Business School); Master of Business Administration (Regenesys Business School); Certificate in Theology and Diploma in Ministries (Teamwork Bible College).

Mr Mahuba is former Executive Director: Marketing and Communication and served as Acting Dean of Student Affairs at the University of Limpopo from February 2017 until November 2018. He served amongst others in the following governance and management structures, i.e. Council, Audit Committee of Council, Risk Management Committee, Senate, Executive Management Committee (EMC), Executive Committee Senate (ECS).

He served as Director of Endecon Ubuntu (PTY) Ltd for ten years and also Chairperson: Board of Trustees for Mpumalanga Department of Agriculture, IDC, and UL Nguni Cattle Development Project. He served as a board member of one of City of Johannesburg's entities namely,



Johannesburg Social Housing Company (JOSHCO) and served in Housing Development Committee until 2019.

Mr Mohuba was appointed to the Board of SABC in 2017. He served in the PCS/PBS Committee as Co-Chair, News and Editorial Committee, Human Resources and Remuneration Committee, He had a short stint in Audit and Risk Committee; and Social and Ethics Committee. After the 2021 reconfiguration of board committees as per the Board Charter, he now sits in Governance and Nominations Committee (GNC), Social and Ethics Committee (SEC) and retained in Human Resources and Remuneration Committee (HR and REMCO)

In addition to the SABC, he now sits on the Board of Control of PRASA (Passenger Rail Agency of South Africa) and has been assigned also to be a Board member of AUTOPAX (a subsidiary of PRASA). At PRASA Corporate, he chairs SHEQ (Safety Health Environment and Quality) Committee, and participate as a member of Governance, Social and Ethics Committee (GSEC); and Human Capital and Remuneration Committee (HC and REMCO)

Mr Mohuba has a passion for community development programmes, and has an excellent track record of serving two terms (six years) as Chairperson of the School Governing Body at Pietersburg English Medium Primary School in Polokwane.

He is currently serving as Managing Director: Strategic Partners Africa (Pty) Ltd, a Management Consulting Company with clients in all provinces (private and public sector).

#### **8. Ms Jasmina Patel**

Appointed to the Board on 11 April 2019

Diploma in Municipal Governance (Rand Afrikaans University); Bachelor of Accounting Science (University of South Africa); Certificate in Control Self-Assessment (Institute of Internal Auditors); Certification in Risk Management Assurance (Institute of Internal Auditors); Master of Business Leadership (UNISA - School of Business Leadership).

Ms Patel is currently the Chief Audit Executive at The University of Limpopo, responsible for performing advanced-level and/or managing assurance and consulting services for projects as per risk-based audit plan. She provides training, coaching and supervision to internal audit team members.

She has been a member of the Institute of Internal Auditors South Africa (IIASA) since 2000. Ms Patel served as the Regional Governor at the IIASA Limpopo Region. She was a Senior Manager at PwC Risk Advisory Services. She gained extensive experience at PwC in internal controls and corporate governance through her involvement in internal audit assignments for both public and private sector clients, ranging from local government, parastatals, tertiary institutions and banks.

#### **9. Mr Jack Howard Phalane**

Appointed to the Board on 16 October 2017

BA, LLB, and LLM (Wits University), MBA (Wits Business School); MCom (North-West University); Certificate in Advanced Corporate Law and Securities (UNISA) and a Teachers Diploma (Dr CN Phatudi College of Education).

Mr Jack Phalane is an experienced commercial attorney specializing in mergers and acquisitions. He advises clients on corporate and commercial transactions including sales of shares and businesses, shareholder's agreements and transactions involving broad-based black economic empowerment, corporate governance, telecommunications and broadcasting law.

#### **10. Ms Mary Bernadette Papayya**

Appointed to the Board on 11 April 2019

Master's degree in Journalism (Stellenbosch University); Bachelor's degree in Journalism; Post Graduate Management Diploma, and an advanced Diploma in Human Resources Management.

Ms Papayya is currently an Executive Director of Papayya Media, a social enterprise entity, dedicated to personal and economic growth of women, youth and previously disadvantaged communities across media, journalism and key sectors of the economy. She is a Ground Partner/ Faculty Member for the University of Witwatersrand (WITS), which is ranked number one in SA. She also serves on a range of professional bodies and is a Board member of the South African Press Council and also sits on the oversight committee of the environmental media entity, Roving Reporters.

Ms Papayya is a trainer with the Institute for Advancement of Journalism (IAJ), a member of the Commonwealth Business Women's Forum and the SA National Editor's Forum (SANEF) to which she is the Founder Editor and former Secretary-General. She currently serves as a Council member and the Chairperson of the Media Freedom Sub-Committee.

Ms Papayya is a media commentator, analyst, seminar speaker and dialogue convener.

Ms Papayya has served in a range of decision-making positions in the broadcast and print media industry for three decades. She has worked in the media industry in SA and continent for nearly three decades in a range of leadership positions including Senior Journalist, Bureau Chief, Editor, News Manager, News Project Initiator and Regional Manager.

Ms Papayya served as Convener of the Vodacom Journalist of the Year (for three years), Convener of the KZN Newsmaker of the Year Award, Convener of Nat Nakasa Bringing Home a Hero Project and Convener of the KZN Newsmaker of the Year Project.

#### **11. Dr Marcia Socikwa**

Appointed to the Board on 11 April 2019

Doctor of Philosophy (University of Stirling, UK), MA in International Communications (City University, UK), BA Hons (University of the Witwatersrand, SA), Program in Innovation for Economic Development (Harvard Kennedy School, US) and Program in Women Leadership (Said Business School, University of Oxford).

Dr Socikwa has worked with international institutions, including the USAID and the United Nation's Economic Commission for Africa (ECA) as well as the International Telecommunications Union (ITU).

She has served in the Information Communications and Technology sector for over 20 years in multiple capacities, including as an executive, an academic, a consultant and a regulator. Dr Socikwa served as the Vice Principal: Operations and Facilities Management and completed two terms as a Councillor at ICASA. She is a recipient of the Chevening Scholarship. She is a strong proponent of good governance, data-based decision making, social justice and futures thinking. She has delivered several papers and supervised Masters students. Dr Socikwa is one of the founding members of Nettel@Africa which has trained several telecommunications regulators on the continent. She is a member of the Institute of Directors and an affiliate of I-logix.



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## EXECUTIVE MEMBERS OF THE BOARD

### 12. Mr Madoda Mxakwe

Group Chief Executive Officer (GCEO)

Appointed on 1 July 2018

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

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

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

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

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

### 13. Ms Yolande van Biljon

Chief Financial Officer (CFO)

Appointed on 25 June 2018

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

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

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

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

### 14. Mr Ian Plaatjes

Chief Operations Officer (COO)

Appointed on 1 November 2019

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

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

## PREVIOUS MEMBER OF THE BOARD

### Ms Bernadette Muthien

Appointed to the Board on 11 April 2019 and resigned on 1 June 2020

Postgraduate degrees in Political Science (University of Cape Town and Stellenbosch University) Fulbright-Amy Biehl fellow (Stanford University).

Ms Muthien served on various international advisory boards, including the international journals Human Security Studies and Journal of Human Security the International Institute on Peace Education. She also served on the Steering Committee of South African Women in Development (SAWID) in the Western Cape, and was appointed to the Board of the Pan South African Language Board (PanSALB).

She also served part-time on South Africa's Constitutional Commission for Cultural, Religious and Linguistic Rights (CRL). She was Deputy Director-General: Social Transformation and Economic Empowerment in the Presidency and also served in the high-level Economic Cluster. She also served on the Executive Council of the International Peace Research Association, was the convener of the Global Political Economy Commission and was Co-Founder of the African Peace Research and Education Association.

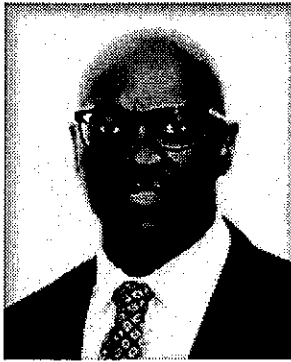
Ms Muthien held various executive and senior management positions in academia, civil society and the public sector locally and abroad. She is an accomplished facilitator, researcher and poet who designs, implements and evaluates projects for diverse institutions locally and internationally. She has over 200 publications and conference presentations, some of which have been translated from English into at least 16 other languages.



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SABC

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▲ **Mr Madoda Mxakwe**  
Group Chief Executive Officer



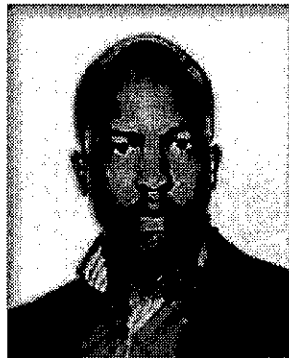
▲ **Ms Yolande van Biljon**  
Chief Financial Officer



▲ **Mr Ion Plaatjes**  
Chief Operations Officer



▲ **Ms Lindiwe Bayi**  
Company Secretary



▲ **Dr Mojaki Mosia**  
GE: Human Resources



▲ **Adv Ntuthuzelo Vanara**  
GE: Legal, Governance and Regulatory



▲ **Ms Gugu Ntuli**  
GE: Corporate Affairs and Marketing



▲ **Mr Reginald Nxumalo**  
GE: Sales



▲ **Mr Merlin Naicker**  
GE: Video Entertainment



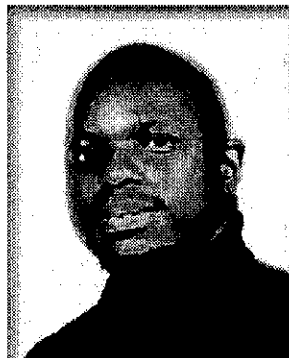
▲ **Ms Phathiswa Magopeni**  
GE: News



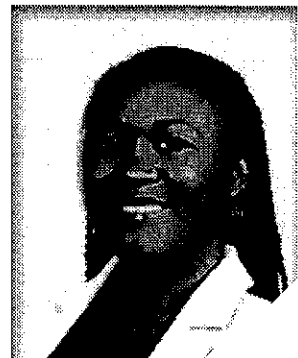
▲ **Ms Nada Wothsela**  
GE: Radio



▲ **Mr Lungile Binza**  
GE: Technology



▲ **Mr Michael Mthembu**  
Head: Supply Chain Management (acting)



▲ **Ms Sylvia Tladi**  
Head: TV Licences\*

\* Filled the position during the reporting period.



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# PROVINCIAL PROVINCIAL PROVINCIAL PROVINCIAL

## Offices and Leadership



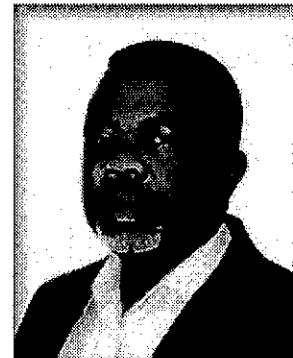
▲ Mr Phumzile Mnci  
PGM: Eastern Cape



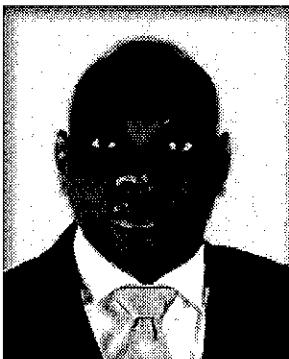
▲ Mr Hosea Jiyane  
PGM: Free State, Northern Cape  
and Tshwane



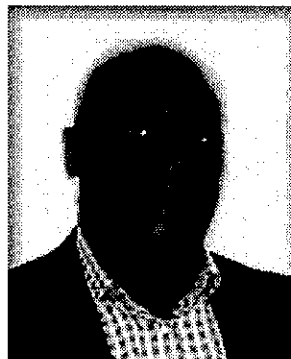
▲ Mr Busani Mthembu  
PGM: KwaZulu Natal



▲ Mr Freddy Sadiki  
PGM: Limpopo



▲ Mr Raymond Makgopa  
PGM: North West



▲ Mr Vusi Mabunda  
PGM: Mpumalanga



▲ Ms Lynda Smith  
PGM: Western Cape

The SABC comprises of nine provincial offices, representing the Corporation in all corners of the country, and are each headed by a Provincial General Manager (PGM).

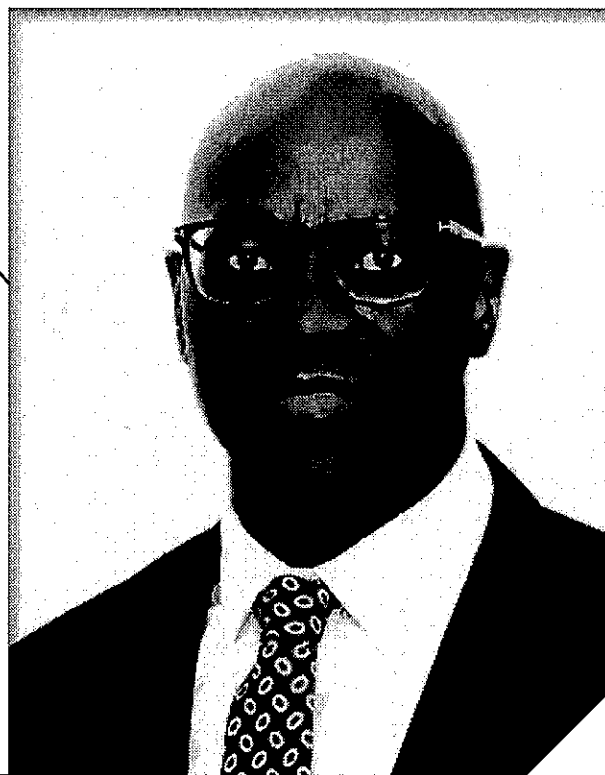
The provincial offices are fully equipped to perform some of the functions of the Head Office, albeit on a much smaller scale. They serve as hubs for news gathering and processing, host radio stations, and provide diversity to SABC's content by reflecting the lives and cultures of the people in their respective locales. They also provide support for TV License revenue collections.

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## Group Chief Executive Officer's

# OVERVIEW OVERVIEW OVERVIEW OVERVIEW

► *"If we don't make tough decisions today our children are going to have to make much, much tougher decisions tomorrow."*  
– Paul Ryan



**The past financial year revealed both the critical role the SABC plays in informing, educating and entertaining South Africans, as well as the extraordinary resilience and unwavering commitment of all the SABC employees who wake up daily to serve South Africa.**

Through sheer determination and innovation, our employees managed to transition our whole organisation to virtual platforms and remote operations in a matter of days with no interruption to broadcasting.

It is encouraging to witness commendable progress in implementing the turnaround plan of the SABC. By the end of the financial year, the SABC had achieved 74% of the Turnaround Plan's key actions, 17 months into a 36-month implementation period. From ensuring financial sustainability of the SABC, offering an innovative multichannel portfolio, creating a digitised public broadcaster, developing a new target operating model and new business models, building a competent workforce that is fit for purpose, strengthening our governance framework, and creating mutually beneficial partnerships, we have indeed made great strides. The achievement against all these pillars is geared towards a common purpose – a sustainable public broadcaster that can fulfil its constitutional mandate.

As the devastating impact of the COVID-19 pandemic was felt throughout the country and the world, South Africa needed a credible source of information about the pandemic. Equally important is the role the public broadcaster played, and continues to play, to help

government disseminate information regarding its COVID-19 response to all South Africans. The SABC, with its unparalleled reach and renewed credibility, is that credible information source for all in South Africa.

Our mandate to educate greatly assisted the national response during the prolonged disruption of the contact class school programme. Our collaboration with the Department of Basic Education saw some 700 hours of educational content broadcast to support learners, especially the Matric Class of 2020. During this period, we also launched an SABC Education channel on the DTT platform for uninterrupted distribution of curriculum educational support to grades 10 – 12. This was complemented with the Woza Matric Program which was aired on SABC3.

The national response to the pandemic had a detrimental effect on the revenues of the Corporation as more airtime was allocated to government awareness and education programmes on COVID-19, thus displacing the programmes and destabilising the schedule that help the SABC to generate revenue. Most of our advertising customers cut their advertising and sponsorship budgets due to the need to divert funding towards COVID-19 relief efforts, and the drop in their revenues due to subdued trading and as the environment had to adapt to the impact of the State of Disaster. Although the R4.96 billion revenue achieved for the year was 5% under budget, given the circumstances the recovery in Revenue generation observed towards the later part of the financial year was remarkable. Sound financial management saw the SABC also manage to keep its expenses 17% below budget. Overall, the SABC recorded



Leadership, talent and stakeholders at SABC's 85th birthday celebrations.

a significantly lower net loss before interest and tax than expected (R605 million loss recorded against a projected loss before interest and tax of R1.45 billion).

The matter of the SABC's disproportionate employee compensation cost – a key turnaround plan initiative – had to be addressed if the SABC was to have reasonable prospects of achieving a sustained turnaround. The Section 189 process, which was completed at the end of the fiscal, was a very difficult but necessary process for the SABC's long term sustainability.

The need to ensure that the SABC becomes a self-reliant, sustainable and resilient institution has never been more urgent. The work done has laid a solid foundation for the next 85 years. The decisions taken now and over the next few years will determine the ability of the SABC to survive as a proud and relevant institution that exists to serve the public interest for the next generation and beyond. We all, collectively, have an ethical and moral responsibility to hand over to the next generation a fully functional, stable, digitised and financially sustainable public broadcaster that will fulfil its constitutional mandate

To our audiences – thank you for standing by the SABC. We exist to serve you; and your support has made the SABC the media giant that it is.

I would also want to thank our partners. In a constrained economic environment and a pandemic that has completely

disrupted the way we do business, our clients, advertisers, and customers did not delay nor withhold their advertising spend. Thank you for ensuring that the public broadcaster is commercially viable.

Lastly, I would like to take this opportunity to thank the Shareholder and the SABC Board for their invaluable guidance, my fellow Executive Committee members and all SABC employees for their diligence and continued hard work and steadfast commitment to the delivery of our mandate.

As we continue to strengthen and preserve this institution that is so vital to our democracy, I wish to assure you all that all the decisions we have taken thus far and the ones we will continue to take are aimed at ensuring that the SABC is sustainable for another 85 years, for the sole benefit of the citizens and future generations who deserve a successful, profitable, and sustainable public broadcaster.

**Mr Madoda Mxakwe**  
Group Chief Executive Officer



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As Africa's leading and most significant public service broadcaster, the SABC remained committed to offering public value to South African citizens.

Accordingly, it delivered programmes with a plurality of views and information that advanced national and public interest while showcasing South Africa's diverse cultural heritage and expressions. In doing so, the SABC realised the hopes, dreams, and aspirations of all South Africans through audio and visual programming that is informative, educational and entertaining in all South African languages.

The fast-evolving broadcast landscape characterised by growing industry competitors and fast-changing consumption patterns compelled the SABC's entry into the OTT space through strategic partnerships with companies such as Telkom. This decision was also fuelled by the principle of universal access – ensuring that SABC audio and visual content – a source of competitive advantage for the SABC – is accessible to everyone, everywhere on any device.

Two key events influenced the activities of the SABC externally and internally during this reporting period, namely, the COVID-19 pandemic and the restructuring process that culminated into a Section 189 process.

The pandemic was presented as somewhat of a poisoned chalice for the SABC. Nevertheless, the SABC exhibited its undeniable capability and value to South Africa through its extensive coverage of the pandemic. The Corporation executed its mandate with distinction as it continued to reliably and credibly educate and inform the nation. Furthermore, through the coverage of corruption related to personal protective equipment and overpricing of pandemic-related preventative and treatment materials, the SABC affirmed its position as one of the vital bastions of South Africa's democracy.

Unfortunately, this stellar fulfilment of the mandate came at a significant cost for the public broadcaster. The government response to the pandemic was a State of Disaster that persisted throughout the year under review. The State of Disaster came with various levels of lockdown and related restrictions, beginning with the most severe (Level 5) and gradually easing as the year progressed. The adverse impact on the SABC manifested in the following ways:

The lockdowns resulted in an initial halting of most economic activities. Subdued economic activity meant that there was a reduced need for businesses to advertise. With over 80% of the SABC's revenue coming from commercial activities, the impact was severe;

The significantly reduced economic activity also had an adverse effect on employment, which affected the television license collection as people lost their jobs;

The absence of sufficient economic activity and the need for businesses to support the government's effort to manage the spread of the pandemic resulted in entities diverting their resources away from marketing and advertising towards these efforts;

Furthermore, in an effort to fulfil its public mandate of informing and educating the nation, the SABC carried live broadcasts of Presidential addresses and Ministerial briefings. This resulted in substantial displacement costs;

## Strategic

# OVERVIEW OVERVIEW OVERVIEW OVERVIEW OVERVIEW

The restrictions imposed on business restricted the implementation of Capex projects by 6 to 8 months. In addition, productions of commissioned content had to be halted in compliance with various government regulations. The impact of this was the delay in the SABC's ability to introduce fresh content to increase its audiences.

The retrenchment (Section 189) process endured for much longer than expected, as various stakeholders sought to make inputs on the process. The extended duration of the process served to widen and deepen the turmoil experienced by the Corporation. The result was the delay in implementing the SABC Turnaround Plan's key actions and the 2020/21 Corporate Plan's predetermined objectives.

Despite these notable challenges, the SABC continued its journey of rehabilitation and renewal. Led by the Board and a stable management team, the Corporation made progress on implementing the Turnaround Plan. At the end of the year, 74% of the critical actions in the Turnaround Plan were complete or in place.

There were also some indications of positive outcomes of the turnaround efforts as the year progressed. Revenue generation steadily improved throughout the year, with the final quarter ending at 84% of budget revenues. This performance of commercial revenue generation explains the bullish budget contained in the 2021/22 Corporate Plan.

The contentious Section 189 process was concluded during the year under review. This set the Corporation to commence the new year with its programme of organisational renewal, based on the Board-approved target operating model and organisational structure. Much work still lies ahead, but a significant milestone was achieved with the conclusion of the Section 189 process and the transition into the new organisational structure.

The road ahead remains steep; however, the SABC is better than in the recent past. The Corporation is poised to implement the remaining aspects of its Turnaround plan and the plans as contained in its Corporate Plan. The resolve remains strong to continue delivering informative, educational, and entertaining content to the millions of South Africans who solely depend on the public broadcaster and the millions of viewers, local and international, with whom our various offerings resonate.

COVID-19  
and Section 189  
influenced SABC  
activities





SCAN this QR code for additional content on the support curriculum provided by SABC Education.



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SABC Annual Broadcasting Corporation (SABC) SABC Annual Report 2020 - 2021

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## CLASS OF 2020

With the Class of 2020 going into isolation, SABC Education successfully provided curriculum support to matric learners by broadcasting curriculum support content across SABC1, 2 and 3 including PBS Radio and online media. During the final year exams, SABC3 aired daily curriculum support programming as a key pillar of their daytime programming. The class of 2020 achieved a 76.2% pass rate despite the challenges brought forth by COVID-19.

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## Analysis

### SERVICE DELIVERY ENVIRONMENT

The South African media landscape, like elsewhere in the world, continued to undergo rapid changes. At the height of COVID-19, numerous media entities were forced to shut down; others had to scale back to survive. Through the Board's support and the astuteness of the leadership team, the SABC was able to navigate the difficult times. While the pandemic is far from being eradicated, the Corporation demonstrated its ability to adapt and weather the storms still anticipated. The following briefly outlines the context in which the SABC had to operate in the year under review:

- As the sole public broadcaster, the SABC is mandated to provide informative, educational and entertaining content to all South Africans in its 11 official languages. It does this through its 19 radio stations and five television stations, three of which are free-to-air channels. For a significant proportion of the South African population, the SABC is the sole source of information. The responsibility of the SABC, as the only public broadcaster, is an essential one and is taken very seriously. The importance of this mandate was most evident as the Corporation played a vital role in the government's national response to the pandemic, educating, informing and mobilising the nation on the pandemic.
- Unfortunately, the fulfilment of the SABC's mandate comes at a great cost. License conditions require broadcasting programming that does not attract advertisers while being of value to the target audiences. Thus, such programming is produced at a financial loss. This reality was most evident when broadcasting the Presidential and Ministerial addresses and the broadcast of educational content to support the Matric class, as was the case during the year. The disruption caused by the pandemic to the classroom time of learners, especially the Matric class, compelled the SABC to use its extensive reach to assist by broadcasting educational content for the Matric class across its Radio TV and digital platforms. These broadcasts came at a high displacement cost.

There were positive developments in the SABC's efforts to influence the update of regulations that impact its business. During the reporting period, the Department of Communications and Digital Technologies (DCDT) published the Audio and Audio-visual Content Services Draft White Paper for comment. The SABC submitted its comprehensive comments to the DCDT and was encouraged by the contents of the draft White paper, for the future prospects of the Corporation.

Understanding that the State of Disaster and associated regulations would result in significant disruptions, ICASA suspended the requirement to adhere to the license conditions for the duration of the State of Disaster.

Notwithstanding this development, the SABC continued to meet its license conditions on all its platforms successfully.

The appeal of SABC content to radio listeners and television viewers yielded a weekly average of 30 million adults listened across the SABC's 18 PBS and PCS Radio stations and attracted an average audience of 23.5 million adults in a typical month on SABC1. SABC2 average audience figures were 21.7 million in a typical month, while SABC3 averaged 17 million adults. The SABC News channel, which is delivered through satellite broadcast, reached an average of 7.2 million viewers in a typical month. As an indication of the continued universal appeal of SABC content, no less than 12 of the nation's Top 20 most-watched television programmes in any month during the year were SABC programmes.

The positive endorsement of the SABC's coverage of the pandemic from members of parliament across all political parties served as recognition of the stellar work done and continues to be done to improve the performance and perception of the SABC as a credible public broadcaster.

### ORGANISATIONAL ENVIRONMENT

The SABC commenced the year under review full of cautious hope following the high level of optimism that came with the receipt of the much-needed bailout funding at the end of the last financial year. Strategic and operational plans were developed with the premise that the SABC could implement all its turnaround plans with the funding provided.

The restrictions of level 5 lockdown grounded to a halt all the SABC's progress. The hope of a speedy return to normalcy faded as more restrictions followed after the initial lockdown. In July 2020, when the SABC submitted its revised Corporate Plan, it did not have sufficient information to predict the events of the rest of the year accurately. There was no way of knowing that a second wave would hit the country in early December 2020. It is, therefore, no surprise that more than half of the predetermined objectives targeted were not achieved. The pandemic proved more disruptive than anticipated.

The Corporation also embarked on a staff optimisation process – a key component of its Turnaround Plan. While the target operating model and organisation structures received Board approval during the first quarter of the year, the process to give them effect took longer than it should.

The combination of the pandemic and a drawn-out restructure and reorganisation process had the following effects on the Corporation:

- Implementing the capital expenditure projects that are part of the SABC's digital strategy was pushed out by six to eight months. The initial disruption was on account of the pandemic-related restrictions, but this was later worsened by the disruption brought about by the drawn-out Section 189 process.
- Plans to turn the tide of audience losses across our television channels were disrupted, severely affecting production schedules as a consequence. The introduction of most of the new programs commissioned had to be pushed out to the next financial year. The expected improvement in audience performance thus remained elusive but is anticipated to improve in the next year.

With the Section 189 process concluded, the organisation is best poised to realise the goals of the target operating model and organisational structures approved by the Board during the year. Accordingly, efforts will be made in the new year to transition, settle the SABC into the new structure, and implement a programme of organisational renewal that will set it on the course towards being a high-performing organisation.

SABC  
coverage  
receives positive  
endorsements

The SABC continued working towards realising the aims of its SABC Strategic Roadmap. This was done by focusing on implementing the SABC Turnaround Plan in order to deliver across six strategic pillars of financial sustainability, content and platforms, digital, human resources, governance and partnerships.

#### GOAL 1: FINANCIAL SUSTAINABILITY

Despite the stability brought about by the R3.2 billion government bailout at the end of the previous fiscal, general economic activity was significantly curtailed by the coronavirus pandemic leading to significant reduction in ad-spend by R741m and the loss for the year worsened by 4% compared the previous reporting period.

Efforts were enhanced to drive increased commercial revenues through the introduction of innovative trading and pricing models for radio, television and digital media sales, and measures to enhance television license revenues. Despite these, the SABC generated R4,9 billion in total revenue for the financial year, 12% (R699 million) below the previous year's revenue.

The halt of key local productions at the height of the pandemic also resulted in a shortage of fresh and compelling content being produced, leading to a subsequent decline in television audiences.

The retrenchment process resulted in a once off expenditure of R177m due to employee severance packages. Aggressive cost cutting measures, and internal controls were put in place to ensure cost containment, and prudent allocation of resources. This effort resulted in a 10% reduction in expenses compared to 2020.

By the end of the financial year, the average creditors' days stood at 33 days against a target of 123 days. Debtors collection days were 54 against a target of 85, and cash on hand was R1,483 million demonstrating a strengthened financial position of the SABC.

#### GOAL 2: A COMPETITIVE AND INNOVATIVE MULTI-CHANNEL PORTFOLIO.

While COVID-19 hampered the SABC's plans for the delivery of new productions, especially in the provinces, the Corporation was able to launch some new productions during this period.

The SABC's public service announcements (PSAs) were extensive, focusing on live broadcasts of events of national importance, which included virtual briefings on government's COVID-19 vaccine rollout strategy by the Health Ministry, as well as various briefings on COVID-19 gazetted rules and regulations by the National Coronavirus Command Council, briefings by President Cyril Ramaphosa and other Ministers. The SABC launched a new Sports Channel on OpenView HD and a streaming service for SABC1, 2, 3 as well as the new Sports Channel on the TelkomOne platform.

The SABC Education channel was launched on DTT and Online during the period under review. As the majority of Matriculants lost much of the academic year due to the national Lockdown, the SABC partnered with the department of Education to launch 'Woza Matric', a project which assisted the class of 2020 with revision programmes in preparation for the final exams.

In addition, the SABC digital news was expanded to include indigenous languages.

Despite ICASA relaxing the mandated targets during COVID-19 levels 4 and 5, the SABC continued to provide a wide variety of high-quality local programmes that reflected the diverse cultures, languages, life experiences, interests and needs of its audiences.

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## Outcome Oriented Goals

#### GOAL 3: CONTENT EVERYWHERE FOR EVERYONE

The SABC continued to expand on its 3rd party digital streaming platform strategy by concluding a carriage agreement with Telkom to stream SABC1, 2, 3 and SABC Sport on the TelkomOne platform. All the SABC radio stations, television and news channels were consolidated to one interim third party platform in preparation for the SABC's own OTT service that will be launched in the 2021/22 financial year.

In an effort to mitigate the risk of COVID-19, various projects were fast-tracked to enable remote working for all SABC employees and remote broadcasting for the radio and news divisions.

The Sentech transmitter audit for all provinces was completed, and the information will be used to make informed cost-effective signal distribution decisions during the 2021/22 financial year.

Furthermore, the SABC concluded a content distribution agreement with eMedia Investments that will assist with the DCDT's Analogue Switch-off (ASO) strategic intent. In addition to carrying SABC1, 2 and 3, OpenView will carry three additional SABC television channels and all 19 radio stations. Through this agreement the SABC officially entered the free-to-air satellite market which will supplement the SABC DTT channels and streaming platforms.

#### GOAL 4: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE

A key pillar of any organisation's performance is directly linked to its Human Capital geared in a manner that propels an organisation to meet its strategic objectives and targets. Whilst the SABC was faced with new ways of working following the nation-wide lockdown due to a global pandemic, within a short period, the staff managed to adapt and embrace a remote working model, with only essential services present at the broadcasting centres.

It is also worth mentioning that during the period under review, the SABC conducted a Skills Audit to determine the skills levels within the organisation. During this process, core competencies were identified as well as the competencies required to usher the SABC into the digital age. The findings of the Skills Audit were used to compile development plans to address the identified skills gaps within the organisation. These skill requirements will be incorporated into the Workplace Skills Plan and Annual Training Plan for the next financial year. During the period under review, the SABC

experienced challenges regarding the delivery of training and could not achieve its 80% training delivery target.

As part of the turnaround plan to reduce its huge wage bill and ensure financial sustainability, the SABC embarked on a section 189 process that was aligned to the new target operating model and revised organisational structure. All job profiles were reviewed and revised where necessary, this was to ensure alignment of the new structure. All positions within the new organisational structure were evaluated to determine fair remuneration throughout the organisation.

Due to the high impact this caused for all concerned, foundations were put in place to rebuild employee engagement and staff morale once the implementation of the restructuring process was completed.

Organisational and individual performance remained a focus area. During the period under review, the SABC managed to achieve a slight improvement from last year's 68% to 73% completion of Performance Agreements across the organisation.

**GOAL 5: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS**

The SABC continued in its efforts to strengthen its governance practices, risk management and internal controls.

With regard to the strengthening of internal controls, 74% of the previous year's external audit findings had been resolved by the end of the year, against a target of 50%. Challenges relating to the migration to the SAP-based tracking tool resulted in only 35% of internal audit findings being reported as resolved. Efforts continue to better this performance and ensure continuous improvement of the internal control environment.

The year also ended with a poor level of performance concerning the implementation of risk treatment plans. This was due to Divisional risk assessments suffering from the knock-on effects of the delay experienced in the approval of the SABC Corporate Plan and the completion of the Strategic Corporate Risk Register. This is an area that will also receive prioritised attention in the new fiscal, which should result in an improvement in the implementation of risk treatment plans.

The COVID-19 pandemic that began in the last month of the financial year resulted in a test of the business continuity capabilities of the Corporation. While continuous broadcasting was achieved, employee productivity suffered some initial disruption as a result of the initial Level 5 lockdown restrictions. This was, however, resolved as employees working from home were incrementally equipped with the necessary tools of trade.

**GOAL 6: STRATEGIC AND SUSTAINABLE PARTNERSHIPS**

In order to mitigate the impact of increasing competition within the industry, State-Owned Entities are progressively exploring collaboration and partnership opportunities as a means of reducing costs of operation. The SABC was no exception, as it also pursued beneficial partnerships during the year under review.

On 9 November 2020 - South Africa's leading telecommunications company, Telkom and the SABC entered into a partnership to launch a new streaming channel, TelkomONE. The mobile operator channel houses the public broadcaster's free-to-air radio and TV channels on a non-exclusive base.

The five-year partnership, a first of its kind digital carriage agreement for the SABC, will showcase South Africa's most-watched TV programmes and most listened to radio platforms, on one online platform. TelkomONE will stream live SABC's television channels 1, 2, Sport and Education as well as all 19 SABC radio stations. The platform will make it possible for subscribers to pause, go back into the programme guide (time-shift) and instantly watch a scheduled TV show they may have missed. Telkom is making digital TV functionality available to all.

The partnership is significant in ensuring that the SABC's content, in all its formats, reaches consumers everywhere, anytime. The SABC will also create added opportunities for talented local producers to showcase more of their work on a platform which will enable content to live longer compared to traditional media platforms. The TelkomOne partnership is part of the SABC's overall strategy to see it become a competitive multichannel and multiplatform public content provider.

Subsequent to this, on 25 March 2021- eMedia Investments, the company behind free-to-air satellite service Openview, and the SABC, announced a ground-breaking, distribution agreement aimed at enhancing both companies in the free-to-air category of television broadcasting.

The collaboration between South Africa's fastest-growing satellite network and SA's most established broadcaster signalled a seismic shift in the country's broadcasting landscape. With this agreement, the SABC ensured that its content, in all its formats, continues to resonate with the prescripts of its public mandate, and more so in providing universal access to its credible and compelling content. The agreement also guarantees High-Definition broadcast quality and free access to the SABC's television network from anywhere in South Africa.

In addition to carrying SABC1, 2, 3, and all SABC's 19 radio stations, Openview will also in the near future carry, three additional television channels from the Public Broadcaster. Through this agreement, the SABC is officially entering the free-to-air satellite market which will supplement its channels on DTT and streaming platforms. First amongst the three new channels is the standalone SABC Sports Channel to be launched on Openview soon.

Furthermore, due to the novel Coronavirus and subsequent Lockdown, the SABC partnered with the Department of Education (DOE) to execute the Woza Matrics campaign, in an effort to support the DOE's goal to leave no matriculant behind, with the provision of live revision sessions.

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**on Predetermined Objectives**

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Outcome	Output	Output Indicator	FY2020/21 Target	Actual Performance	Target achieved/ Target not achieved	Comments
<b>FINANCIAL SUSTAINABILITY</b>						
<b>GOAL: A Financially Sustainable Organisation</b>						
To be a preferred service provider to our clients, and a preferred client to our service providers	Revenue and expenditure managed in accordance with the approved budget	Annual net (profit)/loss before interest and tax (R'000)	1 443 670	604 922	Target achieved	
	Working capital management maximised in response to the operating environment	Average creditors' payment days	123 days	33 days	Target achieved	
		Average debtors' collection days	85 days	54 days	Target achieved	
<b>CONTENT AND PLATFORMS</b>						
<b>GOAL: Offer A Competitive and Innovative Multichannel Portfolio</b>						
To be a preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content	Shares of screen ratings on Free-To-Air television channels protected	Performance Period Share of Television Screen Ratings (%)	SABC1: 27% SABC2: 12% SABC3: 5%	SABC1: 16.3% SABC2: 5.8% SABC3: 2.2%	Target not achieved	New programming will be broadcast across all TV channels from April 2021. This should result in a positive response in terms of audience share for the SABC.
	Share of diary quarter-hours listened on SABC Radio stations protected	Share of Diary Quarter-Hours listened (%)	PBS: 66% PCS: 7%	PBS: 66.5% PCS: 6.7%	Target not achieved	The reported performance is based on dated information. There was no industry measurement since the last one whose results were published in June 2020.
ICASA license conditions met	Percentage of local content broadcast on PBS television channels during performance period	Percentage of local content broadcast on PBS television channels during performance period	SABC1: 65% SABC2: 65%	SABC1: 70.2% SABC2: 68.6%	Target achieved	
		Percentage of local content broadcast on PCS television channels during performance period	SABC3: 45%	SABC3: 54.6%	Target achieved	
		Percentage of local music broadcast on PBS radio stations during performance period	70%	76.7%	Target achieved	
		Percentage of local music broadcast on PCS radio stations during performance period	35%	40.3%	Target achieved	
		Number of PBS radio stations (excluding Radio 2000) that achieved full compliance with ICASA-specified genre quotas	14/14 radio stations	14/14 radio stations	Target achieved	
<b>DIGITAL</b>						
<b>GOAL: SABC Everywhere For Everyone</b>						
To be a preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	Digital workflows and infrastructure for SABC content implemented	Number of projects completed on time	10	10	Target achieved	The implementation of these projects was adversely impacted by the COVID-19 pandemic and the Section 189 process. These two occurrences effectively moved everything out by between six and eight months. Implementation of these projects is included in the 2021-24 Corporate Plan.
		SABC Enterprise Digital Library development completed	Tender published	The gathering of requirements was still in progress at year-end	Target not achieved	
	SABC facilities digitalised	Number of additional sites with functional digital installations	8	0	Target not achieved	
		SABC Radio and TV websites development project milestones completed	SCM processes completed	The business case was approved by Group EXCO during the year.	Target not achieved	
	SABC Radio and TV stations Apps development project milestones completed	SCM processes completed	The business case was approved by Group EXCO during the year.	Target not achieved		
	SABC Player development completed	Phase 1 launch	The business case was endorsed by Group EXCO during the year.	Target not achieved		
TV Licences website redevelopment project milestones completed	TV Licences website live	The debit order arrangements on web services were enhanced	Target not achieved			

Outcome	Output	Output Indicator	FY2020/21 Target	Actual Performance	Target achieved/ Target not achieved	Comments
<b>HUMAN RESOURCES</b>						
<b>GOAL: A Competent, Dynamic Workforce That Is Fit For Purpose</b>						
To be a preferred employer with employees who are our brand ambassadors	Performance management system implemented	Percentage of employees with signed performance contracts	100%	73%	Target not achieved	With the Section 189 process completed, the expectation is for a significantly improved performance going forward.
	Workplace Skills Plan implemented	Percentage of Workplace Skills Plan implemented	80%	32%	Target not achieved	With the Section 189 process completed, and as the organisation settles into the new structures, the expectation is for improved SCM processes that will enable to timely sourcing of service providers for this.
	Culture Revitalisation Journey (CRJ) Plan implemented	Percentage of Culture Revitalisation Journey annual plan activities implemented	80%	Put on hold	Target not achieved	The CRJ remained on hold until the conclusion of the Section 189 process. A revised programme will be implemented in the new year.
<b>GOVERNANCE</b>						
<b>GOAL: Compliant Governance Practices, Risk Management And Sound Internal Controls</b>						
To be a preferred broadcaster within our communities while adhering to the prevailing policies, legislation and regulatory framework	Internal control environment strengthened	Percentage of previous financial years' Auditor-General findings resolved	90%	74%	Target not achieved	The delay in the finalisation of the audit impacted on the progress that could be achieved by year-end. Assuming pre-COVID-19 era timing for the audit completion in the next year, the target as contained in the 2021-24 Corporate Plan should be achieved.
	Turnaround Plan implemented	Percentage of policies reviewed that are current in terms of the 2-year review cycle	50%	57%	Target achieved	
		Number of progress reports submitted to Board and Department of Communication and Digital Technologies	12	12	Target achieved	
<b>PARTNERSHIPS</b>						
<b>GOAL: To Establish Strategic And Sustainable Partnerships</b>						
To be the preferred brands for our audiences	Television content generation partnerships established	Number of television content generation partnership agreements/MOUs signed	4	2	Target not achieved	Efforts to secure content generation partnerships are ongoing and are included in the 2021-24 Corporate Plan
	SABC content distribution partnerships established	Number of content distribution partnership agreements/MOUs signed	3	2	Target not achieved	Efforts to secure content distribution partnerships are ongoing and are included in the 2021-24 Corporate Plan
	SABC strategic relationship-building projects implemented	Number of strategic relationship-building projects completed	4	3	Target not achieved	Efforts to implement more of these projects are ongoing and are included in the 2021-24 Corporate Plan



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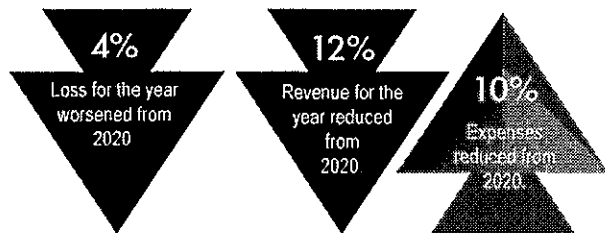
# Summary of

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## Information

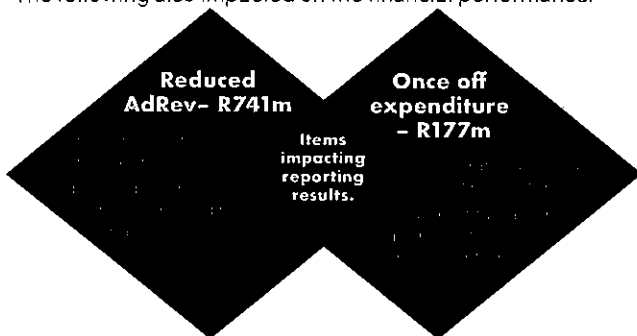
### 2021 HIGHLIGHTS

The year under review marked the first year of the Turnaround strategy implementation.



The reporting period presented the first full year of implementing the Turnaround strategy and utilisation of the R3.2 billion recapitalisation funding from National Treasury which stabilised the Corporation. It also represented a full year wherein key stakeholders operated in the new normal as necessitated by the COVID-19 pandemic. The desired revenue targets were not met largely due to the impact of COVID-19, which resulted in our advertisers withdrawing their advertising spend, although there were savings and underspending.

The following also impacted on the financial performance:



Successes measured per the revised Corporate Plan:

- Adequate cash management as demonstrated by improved creditors payment days and debtors' days ▲

	2021 Actual	2021 Target	2020 Actual	Days Graph
Debtors Collection Days	54	85	38	■ ■ ■ ■ ■
Creditor Payment terms	33	123	51	■ ■ ■ ■ ■

- R1127m representing 17% budgetary savings in Expenditure. However, Revenue was R671m (12%) below target.
- Improvements in other operating and administrative costs were noticed from the second quarter of the year as soon as everyone started adapting to working from home. Savings for the full year amounted to R44m (8%) from 2020 actuals.

### SERVICE DELIVERY ENVIRONMENT

- Net loss cost to income ratio of 112% (2020:110%) remains unsatisfactory;
- Decrease of employee cost of 6% (2020: 0.2%) attributed to Section 189 severance packages (once-off) amounting to R177m;
- Lower investment of content inventory by 20% (2020: 27%), and
- R105m (2020: R103m) worth of capital expenditure was incurred in the current year.

### REVENUE PERFORMANCE

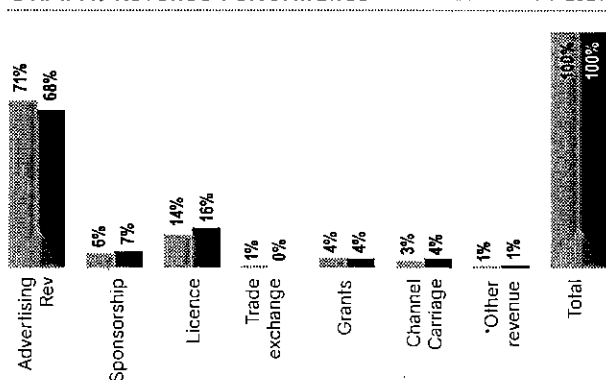
The SABC has seen a downward trajectory in revenue generated over the past five years. The table below indicates the proportionate percentage shares of the various revenue streams to the total revenues of the SABC.

### Summary Income Statement

	2017	2018	2019	2020	2021	5 Year Graph	PY change (R'm)	PY change %
Advertising	4,710.5	4,780.9	4,583.7	4,086.6	3,345.7	■ ■ ■ ■ ■	(741)	(18)%
Sponsorship	383.8	392.6	403.0	322.7	354.4	■ ■ ■ ■ ■	32	10%
TV Licence Fees	915.1	941.4	968.2	791.3	788.4	■ ■ ■ ■ ■	(3)	0%
Other	561.9	512.3	510.7	472.6	479.8	■ ■ ■ ■ ■	7	2%
<b>Total Revenue</b>	<b>6,571.3</b>	<b>6,627.2</b>	<b>6,465.6</b>	<b>5,673.3</b>	<b>4,968.3</b>	■ ■ ■ ■ ■	<b>(705)</b>	<b>(12)%</b>
Programme, film and sports rights (PFSR) Amortisation	(1,950.1)	(1,741.3)	(1,753.0)	(1,270.0)	(1,014.8)	■ ■ ■ ■ ■	255	20%
Employee Cost	(3,188.5)	(3,114.9)	(2,823.5)	(2,829.7)	(2,672.2)	■ ■ ■ ■ ■	156	6%
Signal and Distribution	(671.5)	(718.1)	(740.2)	(769.8)	(718.2)	■ ■ ■ ■ ■	52	7%
Other	(1,904.7)	(1,810.0)	(1,592.7)	(1,337.6)	(1,167.8)	■ ■ ■ ■ ■	170	13%
<b>Operating Profit / (Loss) before interest &amp; tax</b>	<b>(1,143.4)</b>	<b>(757.1)</b>	<b>(443.8)</b>	<b>(533.9)</b>	<b>(604.9)</b>	■ ■ ■ ■ ■	<b>(72)</b>	<b>13%</b>

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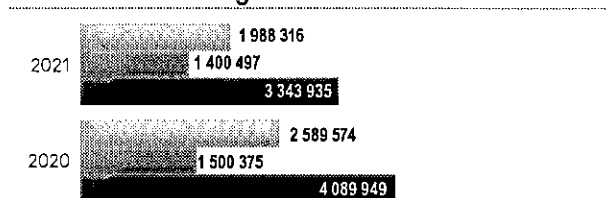
**GRAPH: Revenue Performance**



\*Other revenue includes Mobile, Content Exploitation, Facilities, and other Income

**ADVERTISING REVENUE**

**GRAPH: Advertising Revenue**

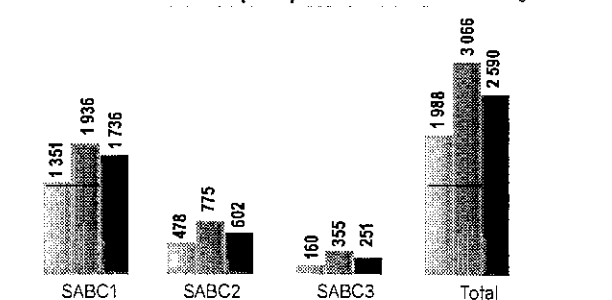


Advertising revenue declined by 18% (2020: 11%) due to the depressed economy compounded by the effects of the COVID-19 pandemic, lack of marketing and declining audiences.

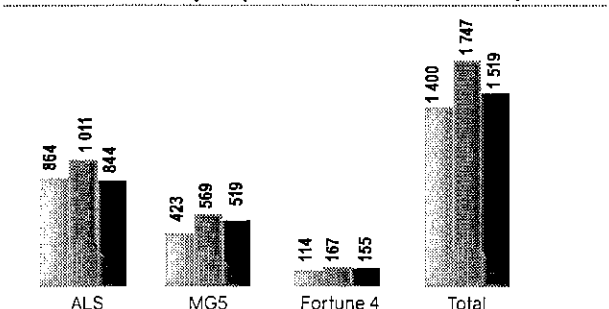
Radio stations advertising revenue declined across the Commercial Stations (METRO FM, Good Hope FM, 5FM,) by R97m (2020: R48m) and Fortune 4 (Radio 2000, Lotus FM, SAfm, and Radio Sonder Grense – RSG) declining by R23m (2020: R19m). However, the African Language Stations (ALS) improved by R20m (2020: - R46m).

Below is the further split of advertising revenue between different television and radio platforms:

**GRAPH: Television (R'm)**

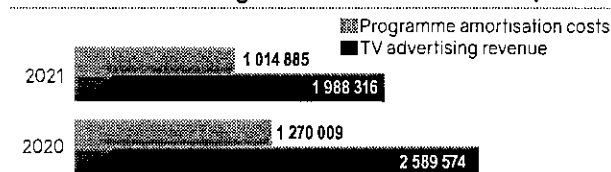


**GRAPH: Radio (R'm)**

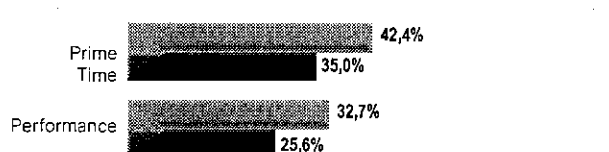


The COVID-19 pandemic resulted in delays in delivering fresh television program content. This negatively impacted the audience share and put further downward pressure on advertising and sponsorship revenue.

**GRAPH: Advertising Revenue Performance (R'000)**



**GRAPH: Audience Share**



Programme amortisation costs were 52% (2020: 49%) of total television advertising revenue. Marketing and new content creation is key in retain and increase the performance.

The SABC audience share dropped from the previous period.

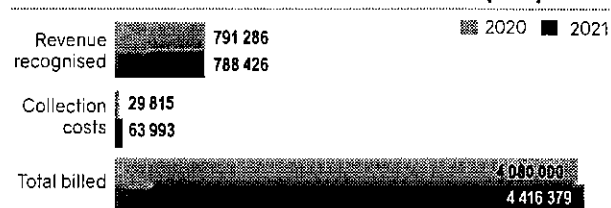
**Digital Media Advertisement:**

The SABC managed to generate more than double prior year on its digital and mobile platforms revenue to R20m (2020: R9m). New avenues continue to be explored and agreements signed to improve this revenue stream.

**Revenue Collection – TV Licence:**

Licence fee revenue recognised is similar to the prior financial year.

**GRAPH: TV Licence Revenue Collection (R'm)**



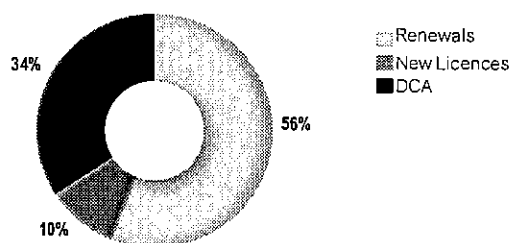
**GRAPH: TV Fee Evasion Rate**



The SABC was able to realise R788.4m representing 18% of the total licence fees billed during the financial year, whilst it was 19% in the previous period. Collection cost rate was higher at 8% (2020: 4%), due to the use of Debt Collection Agencies (DCAs) from Q2, following the end of Level 5 and Level 4 Lockdown periods. The current depressed economic environment resulted in lower collection than anticipated. Whilst there is current legislative prescripts of imprisonment and payment of fines for non-compliance, the limited resources and costs required make this at present uneconomically viable.

The Television licence holders for the period under review is as illustrated below.

**GRAPH: TV Licence Holders**



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Overall, 2,2m (2020: 2,5m) licence holders managed to settle their television licence fees in full or in part against a known database of 10,3m (2020: 9,5m) television licence holders. The licence fee collection rates indicate an evasion rate of 82% (2020: 81%).

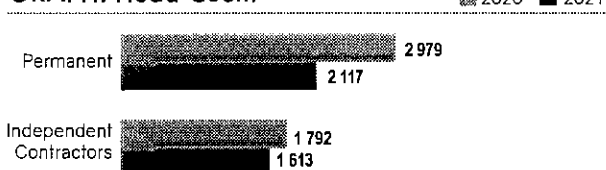
### Expenditure

The below is proportionate share of expenses and year on year changes

	2021	2020	Change (R'000)	% Change
Amortisation and Impairment of PFSR	18%	20%	(255,124)	(20%)
Broadcast costs	5%	6%	(131,094)	(33%)
Signal	13%	12%	(51,596)	(7%)
Permanent Employee costs	48%	38%	(106,398)	(5%)
Depreciation	3%	3%	(7,893)	(5%)
Marketing, Collection and Consulting	2%	3%	(15,798)	(10%)
Operational, Personnel Admin and Other	9%	18%	(66,088)	(6%)
<b>Total</b>	<b>100%</b>	<b>100%</b>		

The amortisation of content as well as employee costs (including non-permanent) accounts for 66% (2020: 65%) of the SABC's total expenditure.

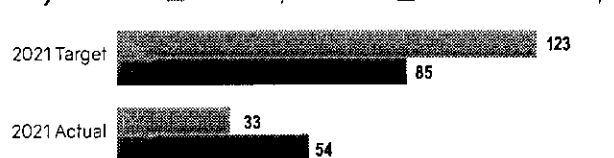
### GRAPH: Head Count



The 31% (2020: 6%) decrease in permanent employee count was due to mainly the Section 189 process (24%) as well as normal attrition (7%). The total number of employees that left during the year under review was 877 (2020: 188 employees).

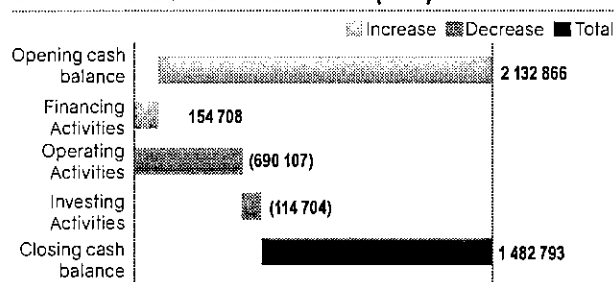
### Working Capital Management:

### GRAPH: Debtors Collection and Payables Payment Days



The Cash position remained stable mainly from unused Recapitalisation funds. The company had a net current asset position of R1 050m (2020: R1 810 m) and current ratio of 1.6:1 (2020: 1.9:1).

### GRAPH: Cash Flow Statement (R'm)



### Annual Capex spend over 5-year period

	2017	2018	2019	2020	2021	5 Year Graph	PY Change (R'm)	PY Change %
Annual Capex Expenditure	310.3	147.0	138.7	102.2	105.2	█	2.9	3%
AUC as % of Total Assets	2.0%	5.1%	5.0%	4.7%	5.9%	█	8.3	3%

### IMPLEMENTATION OF CAPITAL EXPENDITURE (CAPEX) PLAN

The SABC invested R105m (2020: R103m) in the capital infrastructure during the financial year. Below are some of the significant projects which were executed during the year under review:

The SABC spent R12.5m (2020: R16.2m) on maintenance of buildings.

The SABC plans to spend a minimum of R200m in the coming two years with funding ring-fenced from the National Treasury recapitalisation cash injection received.

### ABRIDGED ANNUAL FINANCIAL STATEMENTS

#### Report of the Auditor General

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Overall audit opinion</b>	Qualified	Qualified	Qualified	Disclaimer	Adverse
<b>Financial statements</b>					
Going concern	●	●	●	●	●
Property, plant and equipment	●	●	●	●	●
Programme, film and sports rights	●	●	●	●	●
Trade and other payables	●	●	●	●	●
Irregular expenditure	●	●	●	●	●
Taxation	●	●	●	●	●
Deferred government grants	●	●	●	●	●
Expenditure	●	●	●	●	●
<b>Performance information</b>	●	●	●	●	●
<b>Compliance</b>	●	●	●	●	●

The SABC received a qualified audit opinion.

The 2019/20 external audit (previous financial year audit process), saw the Auditor General raise 98 (2018: 127) findings. Total findings raised for the 2020/21 audit are 94 findings. Even though internal controls require improvement, the audit results do show an encouraging improvement. Out of 98 2019/20 findings, 74% (2020: 85%) were resolved by the 31 March 2021 period and 95% by the time of issuing the audited financial statement. The outstanding findings relate mainly to Policy and Procedure reviews that are still in the process of being implemented.

### GOING CONCERN

The SABC had a loss after Interest and tax of R530 million and negative cash flows from operations for the financial reporting period, amounting to R690 million (2020: R1,210 million). However, due to an unspent R1,127 billion balance from the R3,2 billion recapitalisation funding from the shareholder, the working capital position remained healthy with a net current asset position of R1,050 billion (2020: 1,810 billion). The expectation is for the Corporation to break even in 2022/23.



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# Collection Revenue: Commercial

**REVENUE**  
 REVENUE  
 REVENUE  
 REVENUE  
 REVENUE



SABC leadership engaging customers through digital platform broadcasts.

The SABC began the fiscal with the intention to increase revenue growth; however, this business objective was negatively impacted by the COVID-19 pandemic, and with it, the advertising industry.

Some customers postponed and others cancelled campaigns, sighting non-relevant material, change in marketing direction and austerity measures to safeguard the viability of their businesses. As a result, many SABC customers had to dig deep and utilise reserves to fund their businesses whilst others went under. Without a doubt, FMCG, pharmaceuticals and government sectors were on the positive side of the curve whilst tourism and liquor trade were hard hit.

Despite this, customers showed overwhelming support in the SABC brand, investing in classic and sponsorship advertising and initiatives such as advertiser-funded programmes. The SABC's unmatched mass-market reach transformed customers from transactional status to strategic partnerships where mutual benefit accrues.

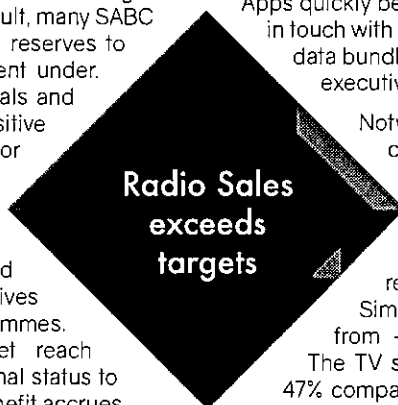
The SABC sought to defend its market share in a shrinking, and uncertain trading environment. Trading models were tested for relevance by customers, and new approaches

emerged. The market changed its buying patterns from traditional perennial commitment buying to more short term. Furthermore, there was a swing from classic to sponsorships product categories as brands clamoured for relevance and staying connected with their consumers.

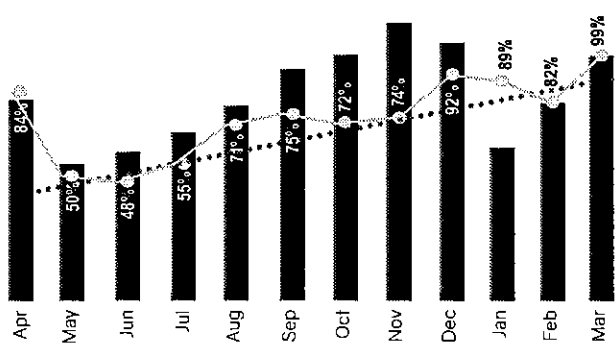
Face-to-face customer engagement models had to be discarded for more tech-centric solutions. Teams and Zoom Apps quickly became the new norm for selling and staying in touch with customers and agencies. Therefore, cellular data bundles rapidly became the new fuel for account executives to execute their sales duties.

Notwithstanding the economic and health challenges, various green shoots are worthy of celebration. Radio sales exceeded targets for the first time in December 2020. The Radio sale's performance swung from -36% to + 5% in Q1 and Q4, respectively, compared to the prior year.

Similarly, the TV sales reversed the dire trend from -38% to -2% in Q1 and Q4, respectively. The TV sponsorship exceeded targets by 24% and 47% compared to the previous year, whilst the Radio sponsorship exceeded its target by an impressive 242%. The KZN Agency Sales team consistently delivered positive results every month and achieved 131% against budget for the fiscal. The Gauteng Agency showed significant improvement from 68% of the budget to 108% in Q1 and Q4.



**GRAPH: Revenue Performance Against Target (2020-21 FY)** ■ 2021 Total Revenue to date □ % FY21 Achievement



### LOOKING FORWARD:

Sales have been re-structured to take full advantage of audience reach through multi-channel and platform service offerings: linear, audio, and digital. The shift will enable the division to be competitive, agile and exceed customer expectations. Furthermore, the sales team will continue to listen to customer feedback to enhance trading models in response to the evolving customer needs.

### Key Focus areas:

- Innovative trading models
- Partner with customers to succeed
- Deliver excellent customer service
- Motivated and equipped sales team

*Handwritten initials: MK, KK*



The Leihlo La Schaba, current affairs team featured on SABC News.

## SABC NEWS AND CURRENT AFFAIRS

### Complying with the Mandate

The delivery of News and Current Affairs promoted diversity and tackled issues that are important to South Africans, in a global citizen perspective. SABC News effectively provided local, African and global news content from a South African point of view to audiences across the country and the continent. This was executed diligently in the broadcast of the COVID-19 global pandemic related stories which highlighted that South Africa is part of the global village. SABC News continued to promote respect for democratic values and human rights with informative, credible, and accurate news content; allowing South African citizens to exercise their right to know, engaging in public discourse and freedom of expression. SABC News fostered open dialogue with the viewers and listeners through captivating news and current affairs content which is accessible in all official languages across 19 radio stations, 5 television channels and digital platforms. SABC News remained accountable to the public and endeavoured to adhere to both the Broadcasting Complaints Commission and Press Codes.

### SABC News and Current Affairs Performance

SABC News, like all local news networks, experienced an increase in audiences at the start of the national lockdown. COVID-19 news broadcasts during the intense stages of the lockdown attracted a lot of viewers as the nation was confined indoors. News services on television displayed across-the-board growth. However, the downgrade to lower levels had a negative impact on news audiences globally. Despite the decline in audiences across news networks, SABC News remained resilient, maintaining first position in the national news market throughout the period under review.

On free-to-air channels, SABC News broadcasts contributed 80% of the top 10 news broadcasts. News bulletins remained steady around 10-12%, in line with previous performances around 12-14% of all viewing within the FTA market. IsiZulu and IsiXhosa News bulletins were the leading bulletins commanding 7.3% and 6.6% AR percentage share respectively in March 2021. Current Affairs programming performed

# PERFORMANCE PERFORMANCE PERFORMANCE PERFORMANCE PERFORMANCE

## Information by Platform

between 4-7% of all television viewing with Presidential addresses and Cutting Edge attracting most viewership in the actuality category. On the SABC News Channel, Morning Live, Agenda, On Point and SA Today remained the most popular shows in the national market.

### Digital

On digital platforms, the division increased its footprint on SABC News YouTube channel by adding more official language – Afrikaans, Sesotho, Setswana and Sepedi. African languages thrived with Indaba reaching a milestone of 2 million cumulative views. The YouTube channel performed extremely well, recording 16 million video views at the end of the reporting period. In January, sabcnews.com peaked with 77% increase in page views. News and Current Affairs downloads on Iono peaked by 90% in January 2021. Facebook and Twitter following increased by 3.5% and 5.7% respectively.

### Programming Highlights

The News Division upheld its mandate of keeping the nation informed. Breaking news and events of national importance were covered in an independent and impartial manner. The main highlight for the year under review was broadcasting under strict National lockdown level 5 regulations which necessitated a total change in the normal way of doing things. The News Division developed innovative ways of observing social distancing protocols by moving news personnel to remote studios for some of its broadcasts to curb the spread of COVID-19 in the newsroom.

Breaking stories which made headlines were:

- Updates on the worldwide spread of the COVID-19 pandemic;
- Announcement of the National Lockdown by President Cyril Ramaphosa and presidential announcements of lockdown reviews;
- COVID-19 ministerial media briefings;
- Themed coverage of the gender-based violence scourge;
- Finance Minister Tito Mboweni's Supplementary Budget speech;
- Celebration and observance of national days;
- ANC delegation's trip to Zimbabwe using an SANDF aircraft;
- South Africa's COVID-19 humanitarian crisis and the plight of the homeless amid the COVID-19 pandemic;

16 million  
views on  
YouTube  
channel

mt KK



SABC News highlighting the humanitarian crisis and the plight of the homeless.

- Virtual World AIDS Day message by the Deputy-President and National Aids Council Chairperson David Mabuza;
- COVID-19 vaccine rollout, vaccinations as well as the impact of the pandemic on the economy and society;
- State of the Nation Address;
- Budget Speech by the Finance Minister Tito Mboweni; and
- The coverage of the Judicial Commission of Inquiry into State Capture continued throughout the period under review.

### Key Achievements

The key achievements for the 2020/21 financial year were:

- The successful restructuring of the division, aligning structure to public mandate imperatives, eliminating inefficiencies, and streamlining processes;
- The continuous growth of SABC News digital platforms with the expansion of African languages which saw the introduction of the Afrikaans and Ditaba-Dikgang: Sesotho, Setswana, Sepedi news micro-channel on SABC YouTube; and
- A million-mark YouTube badge presented to SABC News YouTube channel for being the first to reach the 1-million-mark milestone in South Africa.

### Looking Forward

The Division will focus on the following:

- Deliver credible, independent, and impartial Local Government Elections across all news platforms;
- Increase digital presence of African Languages news and current affairs content ;
- Forging mutually beneficial partnerships with like-minded international news entities; and
- Enhancing existing, and introducing new offerings to audiences.

## VIDEO ENTERTAINMENT

### Complying with the Mandate

Video Entertainment was adversely affected by the COVID-19 pandemic, with advertising revenue declining in the period under review while costs of production increased due to COVID-19 regulations. Although the Division maintained 80% production stability during the lockdown, a number of new productions were delayed until the country was moved to level four (4), where editorial and creative changes had to be implemented across a number of productions. However, there were few reported cases of COVID-19 on active productions due to stringent measures put in place, which included separating production departments, adjusting shoot ratios, ensuring temperature checks, and regular sanitisation protocols during shoots.

The global crisis compelled Video Entertainment to review its production insurance cover, budgeted contingency, and cashflow management to allow for more flexibility.

The influx of international over the top services has provided more work opportunities for the local industry and has encouraged pay-TV to increase its local production output. This increase in competition has increased the cost of production as supply and demand grew. SABC's competitors use potential projected revenue values to determine production cost (Cost Per Minute), as they have revenue alternatives outside of classical advertising which allows them to set production rates to meet supply and demand.

The SABC funds its productions through classical advertising, and its production cost base is structured on potential revenue rather than industry supply and demand. In view of this, the organisation cannot compete with high-value productions, particularly fiction, documentaries, and reality genres.

**SABC1  
has top 5  
most-watched  
programmes  
in SA**



*Handwritten initials: MK*

## Channel Performance

### Broadcast Stability

SABC1 was the least disrupted channel as the primetime slot was protected and has an annual average of 99% for schedule stability. SABC2 saw average stability of 93% due to COVID-19 related ministerial and Presidential announcements, and the change in some sporting programming also due to COVID-19.

SABC3 experience the most instability from COVID-19 related announcements – accommodation of the Department of Education lessons onto the channel that was also a response to COVID-19 challenges, and several sports changes that needed to be accommodated onto the channel. The schedule instability and erosion of brand identity contributed to the considerable audience drop on the channel for the year under review. The lack of compelling local content also affected the channel's performance.

The programming highlights for the TV Network is as follows:

- The top five most-watched programmes in the country remain SABC1 programmes;
- Uzalo is the most-watched programme with over 11 million viewers;
- 75% of the most-watched terrestrial top 20 most-watched programmes in South Africa are from SABC TV;
- 65% of the most-watched top 20 programmes on DSTV are SABC programmes;
- SABC channels delivered against mandatory obligations by bringing key special broadcasts to South Africans, including the President's State of the Nation Address, Budget Speech, and the Online Youth Symposium (2020); and
- The channels featured COVID-19 official announcements, fillers and promos.

### Strategic Focus Areas

During the period under review, TV Network's focus was on the following key areas:

- Revamp SABC2 and SABC3: The focus for these two channels was on designing and procuring of channel rebranding, planning and acquisition of fresh local and international content, and review of the schedules to improve on innovative marketing which includes, radio, digital, outdoor and partnerships;
- Grow SABC1: The focus for the channel was on strengthening the brand position by introducing experimental genre formats;
- Audience research: TV Network used available Marketing intelligence to further understand the industry landscape and audience demographics and psychographics in order to enhance its service to speaks directly to the needs and expectations of its audiences; and
- Commercial viability: TV Network's focus was also to expand offerings onto new platforms and services everywhere, thus creating new non-traditional revenue streams.

### Digital

The digital strategy was rolled out with the TelkomONE partnership, streaming SABC1 and SABC2 on the platform. Further delivery included providing Video on Demand content for the VOD service. In addition, SABC Education went digital with its DTT channel and transmission via the YouTube platform.

SABC Encore transmission ended on DSTV as the contract came to an end.

### Local Content Quotas

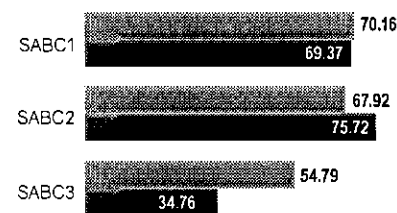
At the point of compilation, the final license delivery had not been finalised and approved by SABC Regulatory; the below contains the draft findings:

Due to the COVID-19 pandemic, TV Network received relief from ICASA against local content delivery for the fiscal. As a result, the network continued to deliver against targets and managed to achieve delivery against local content quotas per channel. However, there was under-delivery in some genres such as Children, Drama and Factual due to COVID-19 lockdown restrictions.

It is important to note that the network received communication at the beginning of the fiscal year that the calculation against delivery had been changed from the slot calculation to actual minutes per programme. This impacted the overall delivery against targets that were planned outside of the reprieve received from ICASA due to COVID-19.

### GRAPH: SABC Local Content

ICASA's overall quotas: 65% for PBS and 45% for PCS - Average %

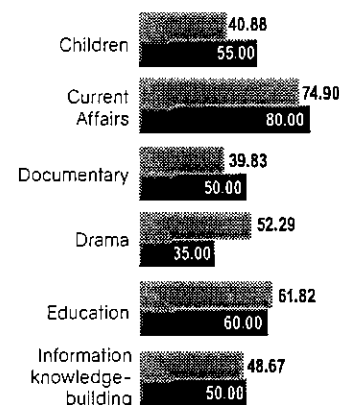


Source: Broadcast schedules April 2020 - March 2021

Despite ICASA issuing a notice that all mandate conditions were relaxed during the COVID-19 lockdown, the SABC continued to track and maintain these targets. SABC1 and SABC2 exceeded their 65% delivery targets. SABC3 performed below the original ICASA threshold of 45% for primetime. This was due to most local productions planned for the channel's primetime slot being suspended by the respective producers during COVID.

### GRAPH: SABC1

as PBS channel % local content per genre - % minutes



Source: Broadcast schedules April 2020 - March 2021

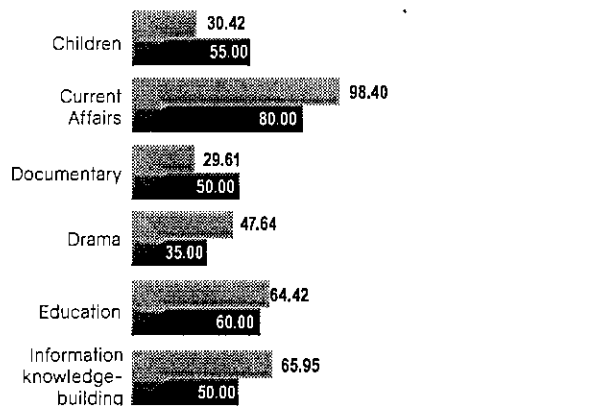
Due to organisational changes as a result of negative ROI mandate driven content, SABC1 was unable to launch fresh episodes of the popular children's brand YoTV. This led to an under-delivery against the Children mandate.



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**GRAPH: SABC2**

as PBS channel % local content per genre - % minutes

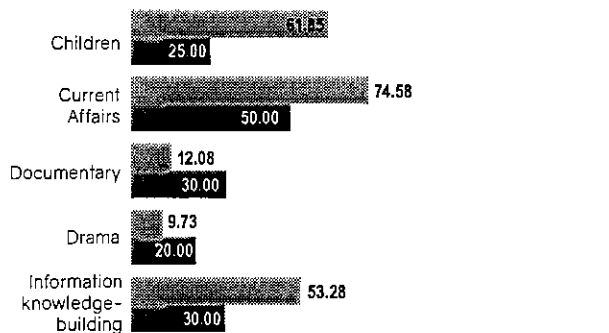


Source: Broadcast schedules April 2020 - March 2021

SABC2's under-delivery on Children and Documentaries for the fiscal was mainly due to COVID-19 and lockdown restrictions, as no planned productions could take place during the period of March until November 2020. The channel complimented its stock with international and local licensed content. Recovery is expected in the new fiscal.

**GRAPH: SABC3**

as PCS channel % local content per genre - % minutes



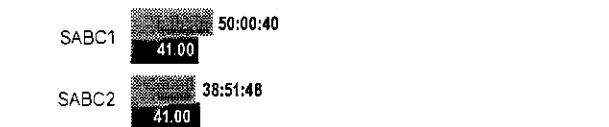
Source: Broadcast schedules April 2020 - March 2021

SABC3 extended the Hectic brand from 2019 with Hectic on 3. The daytime schedule adjustment to accommodate curriculum support learning content for matriculants contributed to the over-delivery of Children and Informal Knowledge Building (IKB). The planned re-launch of the S3 in the next fiscal as well as adapted generic schedule will drive the delivery against Drama and Documentary. Furthermore, the funding model vs the mandates will be reviewed in the next financial year.

**GRAPH: Language delivery during TV**

Performance period

Other than English - average hours/min per week



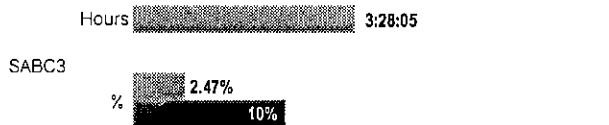
Source: Broadcast schedules April 2020 - March 2021

The increased licensed content, necessitated by low local stock on SABC2 had an impact on the delivery of local languages other than English. A number of planned local commissions will rectify the under-delivery in the next financial year.

**GRAPH: Language delivery during TV**

Performance period

Other than English - average hours/min per week



Source: Broadcast schedules April 2020 - March 2021

SABC3's interim schedule was premised on local and international licensed content with new stock in anticipation of the brand relaunch and schedule changes during the next financial year.

**Network Audience Performance against set targets**

SABC1			
Channel	Day Part/Variable	AMR %	AMR
	05:00:00-17:59:59	2.27	848 988
	18:00:00-21:59:59	9.07	3 385 469
	05:00:00-22:59:59	3.75	1 402 211
			TSUSHR %
	05:00:00-17:59:59		13.18
	18:00:00-21:59:59		26.78
	05:00:00-22:59:59		17.85
SABC2			
Channel	Day Part/Variable	AMR %	AMR
	05:00:00-17:59:59	1.00	371 706
	18:00:00-21:59:59	2.71	1 012 355
	05:00:00-22:59:59	1.38	513 917
			TSUSHR %
	05:00:00-17:59:59		5.77
	18:00:00-21:59:59		8.01
	05:00:00-22:59:59		6.55
SABC3			
Channel	Day Part/Variable	AMR %	AMR
	05:00:00-17:59:59	0.40	150 788
	18:00:00-21:59:59	0.59	220 839
	05:00:00-22:59:59	0.46	169 940
			TSUSHR %
	05:00:00-17:59:59		2.34
	18:00:00-21:59:59		1.75
	05:00:00-22:59:59		2.16

Although SABC1 still leads the market in the primetime slot, the channel is not performing against target, as it is currently on an average of 27% against a target of 35%. SABC2 delivers an average of 8% share in primetime against a target of 14%, while SABC3 was under 2% against an average target of 5% share in primetime.

**Top 20 most watched Programmes per channel**

**SABC1**

Description (grouped)	Level 1	(P) AMR	AMR	TSUSHR
1 Uzalo	Drama	21.5%	8 053 449	56.98%
2 Generation the Legacy	Soap	17.8%	6 638 121	46.36%
3 Skeem Saam	Drama	14.8%	5 541 613	43.34%
4 Isidima	Drama	11.3%	4 084 271	23.18%
5 Makoti-R	Drama	11.3%	4 059 691	38.13%
6 Big Momma's House R	Movie	10.6%	3 830 268	25.92%
7 Zulu News	News	10.5%	3 914 215	28.52%
8 Now or Never	Doccie	10.3%	3 711 712	25.23%
9 Young Adult	Movie	9.9%	3 568 821	21.46%
10 Transformers: Age of Extinction	Movie	9.7%	3 486 219	23.76%
11 Sgudi Snaysi	Sitcom	9.7%	3 603 279	24.97%
12 Sgudi Snaysi	Sitcom	9.6%	3 623 889	26.46%
13 Xhosa News	News	9.4%	3 510 953	27.07%
14 Nyan Nyan	Reality	9.4%	3 431 086	28.75%
15 Lobola	Movie	8.8%	3 165 668	21.46%
16 The Turning Son	Drama	8.6%	3 109 962	20.11%
17 Transformers: The Movie	Movie	8.5%	3 062 435	20.60%
18 Intrapreneurs	Reality	8.3%	2 999 034	20.91%
19 Moshidi's Child	Movie	8.3%	2 991 247	21.24%
20 Transformers: Revenge of the Fallen	Drama	8.3%	2 971 304	19.69%

The three soaps, Uzalo, Generations; The Legacy, and Skeem Saam continue to lead in the country and remain the top most watched programmes on SABC1. Local drama repeats, factual reality, News and Movies follow suit. A number of short film titles from the National Film and Video training slate feature prominently in the Top 20 programmes on the channel, with Isidima coming in at number four.

*KK*

## SABC2

Description (grouped)	Level	(r) AMR	AMR	TSUSHR
1 President: COVID-19 Relief plan	Actual	13.0%	4 686 974	25.18%
2 Presidents Address	Actual	11.0%	3 979 080	30.22%
3 Presidents Update on Lockdown	Actual	10.3%	3 715 943	23.15%
4 Muvhango	Drama	9.5%	3 544 385	28.07%
5 President: COVID-19 Vaccine	News	9.4%	3 626 419	23.63%
6 Presidents Address	News	8.4%	3 239 225	21.73%
7 President: COVID-19 Update	News	7.4%	2 646 954	16.32%
8 Presidents Address	Actual	6.3%	2 267 624	16.03%
9 President: COVID-19 Update	News	6.1%	2 350 410	18.45%
10 Mopheme	Drama	5.2%	1 855 666	13.74%
11 State of the Nation Address 2021	Actual	5.1%	1 988 228	15.10%
12 Lithapo	Drama	4.2%	1 565 411	14.57%
13 Chicken Run	Movie	4.1%	1 579 081	11.08%
14 Bone of my Bones	Drama	3.9%	1 405 642	12.45%
15 7de Laan	Soap	3.8%	1 421 387	12.72%
16 The Karate Kid	Movie	3.7%	1 437 214	13.29%
17 Vutha	Drama	3.2%	1 194 634	11.61%
18 Tholwana Tsa Sethepu	Drama	3.1%	1 198 221	11.29%
19 Presidential Freedom Day Speech	News	3.1%	1 104 871	9.70%
20 Ngwanaka Ngwanaka oKae	Drama	3.0%	1 154 915	13.44%

While the COVID-19 presidential addresses had a negatively impact on revenue, they also attracted the largest audience numbers for the channel, following the popular Tshivenda soap, Muvhango. SABC2's Sesotho drama Mopheme, which is on the number 10 spot, delivers against minority language and cultural representation. 7de Laan continues to be a concern, as it is on an average of 1.4million viewers despite the editorial interventions to broaden the world of the story. SABC2 plans to adjust its scheduling to facilitate the lack of growth in the soap.

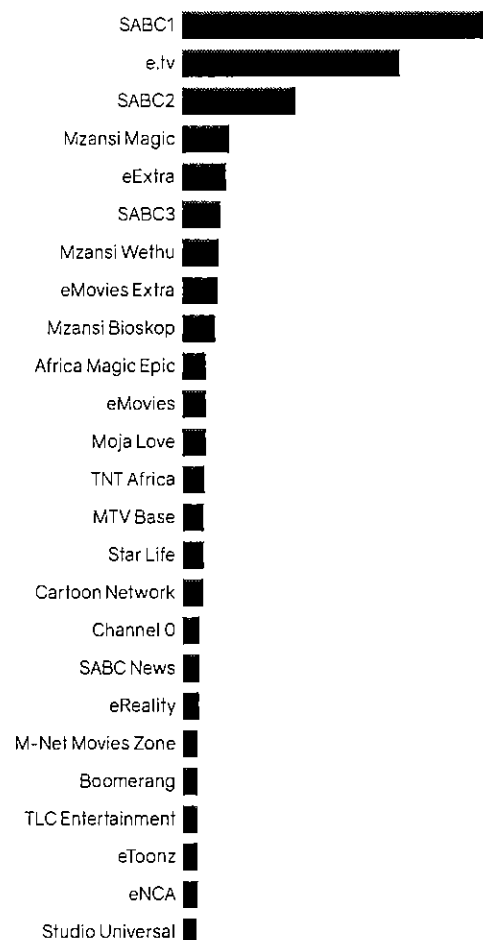
## SABC3

Description (grouped)	Level	(r) AMR	AMR	TSUSHR
1 Contagion	Movie	6.3%	2 280 388	28.26%
2 AFCON'21 Qualifirs SA vs Ghana	Sport	4.0%	1 557 299	12.51%
3 ABSA Premiers M Sun vs O Pir	Sport	3.8%	1 369 998	9.93%
4 Emirates FA Cup Mac U vs Chel	Sport	3.2%	1 166 563	9.02%
5 AFCON'21 Qualifirs SA vs SAO	Sport	3.2%	1 242 030	13.05%
6 ABSA Premiers Bloem C vs K Chie	Sport	2.6%	942 212	8.81%
7 Emirates FA Cup Arse vs Chel	Sport	2.6%	939 726	7.94%
8 Spy in the Wild	Doccie	2.5%	909 240	6.03%
9 Emirates FA Cup Arse vs Mac U	Sport	2.4%	852 207	9.15%
10 Emirates FA Cup Mac U vs Liv	Sport	2.3%	903 884	6.84%
11 ABSA Premiers P City vs M Sun	Sport	2.3%	810 424	8.80%
12 March of the Elephants	Doccie	2.2%	810 162	6.68%
13 Animal Babies	Doccie	2.1%	783 411	5.46%
14 Blood River Crossing	Doccie	2.1%	749 398	6.50%
15 World of Dance	Variety	2.0%	726 966	4.62%
16 Vanamagan	Movie	2.0%	719 164	5.87%
17 Hippos after Dark	Doccie	2.0%	740 161	6.13%
18 Int Friendly SA vs Namibia	Sport	2.0%	766 680	5.87%
19 Wildebeeste born to Run	Doccie	2.0%	707 602	5.97%
20 Desert Megapride	Drama	2.0%	704 909	5.60%

There is no other programme which has performed better than the American feature film, Contagion. The scheduling of the film, which was in alignment with the COVID-19 global outbreak drove viewer impact. SABC3 continues to dominate with its natural history programming. The inclusion of Sport on SABC3's schedule has increased audience ratings, with Bafana Bafana AFCON qualifiers on the number two spot.

For the period April 2020 to March 2021, from Monday to Sunday, SABC1 remains the top channel watched in South Africa with SABC2 at number three and SABC3 at number six.

## GRAPH: top channel watched in South Africa



## Governance

Video Entertainment embarked on the internal audit of its soaps, namely, Uzalo, Skeem Saam, Muvhango, 7de Laan and Isidingo. The majority of the findings were related to internal processes and were resolved. There were however, three unresolved Auditor General rollover findings. The overstatement of Trade Exchange Revenue, and the Content Trade Exchange revised Policy approval is set for the next financial year.

## Highlights

As the world reverberated with the socio-economic impact of COVID-19 and South Africa faced its first-ever lockdown in March 2020, SABC Television remained steadfast in its goal to deliver entertainment, education and information to the nation during these trying times.

The SABC continued to provide information on the COVID-19 virus through public service announcements, live coverage of presidential and task team addresses as well as complimentary programming features in existing programming. Through story integration into its soaps, the SABC encouraged social distancing, wearing of masks and sanitizing. Its children's programming provided everyday tips on how to stay healthy and apply caution. Programmes such as Daily Thetha, Hectic Nine 9, Hectic on 3, YoTV and the daily morning show Expresso provided daily COVID-19 tips for viewers of all ages. All SABC Television's general entertainment programming covered features on COVID-19.

Educating and informing the youth of South Africa, being the largest grouping in the country, remained a key priority and the



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The cast of Muvhango featured on SABC2.

Video Entertainment Division launched its SABC Education Virtual Academy e-Learning management system SEVA. SEVA utilises repurposed educational television programs by the SABC for online learning, and for usage by general public to promote learner support and assist in nation-building and skills development using digital technology. SEVA is a convenient self-help resource, suitable for further online learning and training. The platform offers access to visual peers with similar interests in the programmes offered by the academy.

SEVA ([www.seva.co.za](http://www.seva.co.za)) is flexible and can be accessed anytime, anywhere, using any smart device. SEVA has developed and repurposed the Geleza Nathi ([www.gelezanathi.co.za](http://www.gelezanathi.co.za)) content, based on various lessons and assignments for Mathematics, Physical Science, English, Accounting and Life-skills.

SEVA has a web space presence ([www.seva.co.za](http://www.seva.co.za)) and is supported by social media networks, Facebook (<https://web.facebook.com/seva.co.za>), Twitter, YouTube ([www.youtube.com/SABCEducationshows](http://www.youtube.com/SABCEducationshows)) and Instagram.

The SEVA digital promo is accessible at [www.youtube.com/watch?v=U3Dx986n184](http://www.youtube.com/watch?v=U3Dx986n184).

### Looking Forward

Talent retainment and management, both on-screen and behind the camera, will be a critical focus in the new financial year with a move towards event broadcasting which will enable the Video Entertainment Division to maximise its available production budgets.

## SABC RADIO

### Public Service Mandate

The SABC, as the only public broadcaster within the Republic of South Africa, is charged with a public service mandate to inform, educate and entertain all citizens through sound and television broadcasting services. Currently, the SABC has 19 radio stations, which broadcast in more than the 11 official languages.

The SABC's public service mandate emanates from the Charter, which defines its objectives. The Charter is laid down in Chapter IV of the Broadcasting Act of 1999 (as amended) and requires the SABC to encourage the development of South African expression by providing, in all eleven official

languages, a wide range of programming that:

- Reflects South African attitudes, opinions, ideas, values and artistic creativity;
- Displays South African talent in educational, informative and entertainment programmes;
- Offers a plurality of views and a variety of news, information and analysis from a South African point of view; and
- Advances the national and public interest.

## South African Music (PCS and PBS)

### Local Music Quota

Broadcaster	Previous Quota	Current Quota
PBS	60%	70%
PCS	25%	35%

### South African Music Report (2020/2021 FISCAL)

PBS Radio Stations	(Average %)	ICASA Quota
SAfm	72	70
Tru FM	72	70
Lotus FM	36	35
RSG	76	70
Munghana Lonene FM	77	70
Lesedi FM	83	70
Radio 2000	72	70
XK FM	85	70
Umhlobo Wenene FM	93	70
Ligwalagwala FM	89	70
Motsweding FM	79	70
Phalaphala FM	76	70
Thobela FM	82	70
Ukhozi FM	78	70
Ikwewezi FM	87	70
PCS Radio Stations	(Average %)	ICASA Quota
5fm	42	35
Good Hope FM	42	35
METRO FM	53	35

• These figures exclude the format factor points, which are acquired through promotion of new artists, interviews and coverage of live music. However, Lotus FM's data includes format factors points due to the shortage of South Indian Music. Lotus FM applied to ICASA for reduction of the local music quota and was granted a reduced quota of 35%, same as commercial radio stations.



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## Official Languages

PBS Station	Language
RSG	Principal language Afrikaans
Munghana Lonene FM	Principal language XiTsonga
Lesedi FM	Principal language Sesotho
Ikwewezi FM	Principal language isiNdebele
Ukhozi FM	Principal language isiZulu
Phalaphala FM	Principal language tshiVenda
Ligwalagwala FM	Principal language isiSwazi
Motsweding FM	Principal language Setswana
Thobela FM	Principal language Sepedi
Umhlobo Wenene FM	Principal language isiXhosa
SAfm	Principal language English
Lotus FM	Principal language is English with specialist programmes in Hindi, Tamil, Urdu, Gujarati and Telegu
XK FM	principal languages !Xun and Khwe
Tru FM	Principal languages English (60%) and isiXhosa (40%)
Radio 2000	Principal language English
PGS Station	Language
METRO FM	Principal language English
5FM	Principal language English
Good Hope FM	Principal languages English and Afrikaans

## ICASA Genre License Conditions

During the period under review, PBS radio stations delivered well above the minimum requirements as stated in the ICASA license conditions, despite the challenges experienced as a result of the COVID-19 pandemic. On the news front, PBS Radio continued to exceed ICASA license conditions with the majority of radio stations exceeding their news and current affairs quotas by at least 10 hours per week. Drama, children's programming, education as well as Information Knowledge Building (IKB) were also exceeded weekly as stations increased their coverage of COVID-19 related content.

## Delivery on Public Value by SABC Radio

The year under review was a challenging one for SABC Radio, as the country faced an unprecedented phenomenon in the form of the COVID-19 virus and subsequent national lockdown. In the first few weeks of the lockdown, radio stations had to cut back on the recording of educational programmes and dramas, and schedule more repeats as most employees and service providers were prohibited from accessing SABC premises. However, these challenges were soon turned into opportunities to create new types of programming that heightened people's awareness about the coronavirus as well as promoting the preventative measures. PBS Radio stations also increased their curriculum based educational programmes to support youth from disadvantaged backgrounds who had limited or no access to online schooling.

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

Throughout April and while obeying an extended level 5 lockdown under the Government's proclaimed State of Disaster, Programming launched service-orientated content initiatives providing listeners with information, tools and resources to assist them as the country waded through the COVID-19 Pandemic. SABC Radio partnered with the Department of Health and the DG Murray Trust (DGMT) as part of a national response to the COVID-19 crisis. This paid partnership ensured that 14 PBS radio stations delivered credible information to millions of South Africans who rely on radio platforms for their daily news and information needs, in their own languages.

Freedom month was commemorated through stations ensuring that programming recognised the strides made thus far in deepening democracy, and that despite limitations

Table: On Performance Against ICASA Genre Quotas

Station	News (Daily)			Current Affairs (Daily)			IKB	Education	Children	Drama
	Mon-Fri	Sat	Sun	Mon-Fri	Sat	Sun	Weekly	Weekly	Weekly	Weekly
ICASA Quota	60	60	60	60	60	60	180	300	60	150
Ikwewezi FM	80	67	67	143	60	60	865	418	190	188
Munghana Lonene FM	83	75	75	112	60	60	1290	330	135	205
Thobela FM	109	75	75	120	60	60	489	300	320	150
Phalaphala FM	109	75	75	123	60	60	1550	498	60	154
Ukhozi FM	99	65	65	175	60	60	1605	317	83	180
Lesedi FM	88	60	60	168	66	66	708	358	100	164
Umhlobo Wenene FM	80	78	75	162	60	60	335	359	260	187
Ligwalagwala FM	88	60	60	126	60	60	2240	400	242	149
Motsweding FM	84	64	64	112	62	64	927	336	90	169
ICASA Quota	60	60	60	60	180	240	60	150		
SAfm	90	80	80	106	1646	387	60	176		
ICASA Quota	60	60	60	60	60	60	180	300	60	150
RSG	88	60	60	216	60	60	1387	375	62	325
ICASA Quota	60	60	60	60	60	60	180			150
Lotus FM	76	60	60	98	62	62	593			150
ICASA Quota	30	30	30	30	30	30	180	300	15	
XK FM	68	52	49	103	53	53	215	640	600	
ICASA Quota	60	60	60	30	30	30	60	120	30	
Tru FM	65	65	65	83	41	49	1329	480	60	

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brought on by the lockdown such as the prohibition of group gatherings, limitations of movement, etc. on-air interactions were aimed at demonstrating to the listeners that with rights come responsibilities. Measures taken by Government, such as the #StayAtHome campaign were not meant to suppress civil liberties but rather to contain the spread of COVID-19 and save lives.

Delivery of mandate content for the month of May 2020 began with the commemoration of Workers Day on 1 May 2020 with a special focus on the health of workers who are battling COVID-19 in the frontline sector as the pandemic engulfed the globe. Programmes were geared to educate workers who were seeking assistance from the Unemployment Insurance Fund (UIF) as well as assistance with accessing the disaster relief funds. Information was shared on the various changes that were taking place in business in the wake of a national state of disaster (online transacting and working remotely). As the month of May is also known as Africa month, programmes also focused on the plight of foreign nationals who found themselves locked down in South Africa, many of them under very challenging circumstances.

In June 2020 the number of COVID-19 related infections and deaths increased rapidly after the country's restrictions were eased to alert level three. Radio continued to transcend all barriers by entertaining, informing and educating all South Africans while offering companionship and expert advice to those in need. All of the President's addresses to the nation as well as briefings by the National COVID-19 Command Council of Ministers, were taken live by all the Radio stations. Stations further devolved this down to their individual broadcast languages by engaging their Local government leaders and experts in the various relevant fields.

During the month of July 2020, radio stations celebrated Mandela Day through various CSI initiatives as well as content aimed at promoting acts of goodwill to respond to the challenges that many communities faced as a result of the COVID-19 pandemic, as well as other societal ills which affect many vulnerable individuals and groups. While Programming aimed to celebrate Mandela Month and achieved that to a certain extent (on-air and a few on the ground activations), Radio's agility was put to the test when the President of the Country, Cyril Ramaphosa announced an easing of restrictions to alert level three. Public health communication and content across Radio was increased to focus on the COVID-19 pandemic and how South Africans were expected to respond to the level three) lockdown regulations as per Government's amendments. Radio continued with the Department of Education's funded school's catchup programme.

The month of August 2020 saw the country celebrating two major events that continue to play an integral part in the entrenchment of democracy and equality in a country that continues to carve its own path towards social, economic and gender justice. South Africa commemorated and celebrated the 64th anniversary of the Women's March that saw more than 20 000 women protesting on the lawns of the Union Buildings in Pretoria against some of the unjust laws of the land. While different commemorations have, over the years, focused on the resilience of women of this country and their embodiment of the determination of the 1956 generation, in the year 2020 the SABC decided to take a conscious move towards celebrating the multifaceted nature of women by launching the #ShelsEverything campaign.

During the month of October 2020, radio platforms continued to broadcast programmes that are in line with the SABC's mandate requirements. Radio content focused on

many topical issues, primarily with the COVID-19 pandemic which continued to affect multiple spheres of life, especially the economy of the country. SABC Radio produced and delivered relevant content to the nation through partnering with various companies and civil society organisations. Key themes for the period included but were not limited to breast cancer awareness, transportation and related infrastructure, as well as tourism.

In November 2020, SABC Radio observed 16 Days of Activism against Violence on Women and Children, with programming focusing on and promoting the SABC's "Don't Turn a Blind Eye" campaign which was launched on 25 November 2020. A simulcast of this initiative was carried by all radio stations, wherein the theme song created by Berita featuring the Ndlovu Youth Choir was heard for the first time simultaneously by South Africans. Stations continued to support the campaign through on-air promos, live reads, interviews as well as relevant music for the duration of the campaign. Other key themes the portfolio supported during this period were Disability Rights Awareness, Universal Children's Day, and World Diabetes Day.

The month of December 2020 was kick-started by commemorating World AIDS Day. Programming also focused on encouraging South Africans to avoid crowded spaces, shop online, and celebrate the festive season under safe conditions. International Human Rights Day and Day of Reconciliation were also marked through various programming initiatives. Radio stations also embarked on a few low-key events and social responsibility initiatives around Christmas to extend the spirit of goodwill to those who are less fortunate.

In January 2021, SABC Radio continued to drive massive campaigns to educate the public about the various lockdown levels of the Disaster Management Act. The new strain of COVID-19 which had gripped the country was spreading rapidly and all radio stations delivered programming aimed at educating the public on safety around the virus in line with government directives. Medical professionals that included epidemiologists and other specialist doctors were utilised in programming to supplement what was going to be a deficit in educational programming because of the extended holiday break with schools closed and public gathering still prohibited.

In March 2021, human rights month, radio celebrated the strides taken by the country in the campaign against apartheid and its oppressive laws. The gallant demonstrations that took place in townships such as Sharpeville and Langa, where innocent people died at the hands of the ruthless apartheid security forces, were remembered through various on-air formats. During this period, health programmes also touched on World Obesity Day, TB Awareness Month, Immunisation against HPV-TD, and online registration for COVID-19 vaccination.

### The Future of Radio on Digital platforms

SABC Radio has embraced the digital revolution and uses its digital and social media platforms as new opportunities to extend its reach and to expand its content lifespan. SABC Radio understands that 'content is King', and thus packages content for consumption through different digital platforms and successfully uses these platforms as a powerful audio/visual extension of the radio brands. SABC Radio's digital content is tailor-made to add depth and to complement the radio experience while supporting various marketing activities.

Over the past few years, SABC Radio has built a compelling podcast offering that continues to grow. The award-winning

**PBS radio  
delivers on  
ICASA licence  
conditions inspite  
of COVID-19**



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radio drama podcasts remain extremely popular with audiences. Similarly, some of the SABC's radio brands have a considerable existence on major video content distributors such as YouTube. SABC Radio live streaming remains a tactical instrument to reach a mobile audience who access Radio through their mobile and digital devices, as well as expatriates who want to keep a connection with home.

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

There are currently 184 high power analogue television transmitters and 173 high power FM transmitters for the combined 18 radio stations. The 200 low power combined FM and TV transmitter sites provide radio and Television access to most marginalised communities in the country.

There is also 100% DTH population coverage in the country, providing 100% access to the digital television signal around the entire geography of the country. The SABC has all its platforms on the DTT platform.

SABC's IP based delivery platforms (streaming) enable it to meet its universal access obligations.

## Looking Forward

### RADIO BROADCAST RESOURCES (RBR)

- In terms of future plans, the roll-out of the radio playout and production system will remain the core focus. The system is extensive and will be installed in all the SABC provincial radio stations. The current project timeframe for completion of the project is the end of 2021.
- Additionally, RBR is pursuing a Digital Library that will assist in centralising digital archives for the SABC Radio Archives and Record Library. This will enable SABC Radio to exploit its existing content assets for repurposing over multiple platforms and for further streamlined, unified content production processes.
- Moreover, RBR is pursuing a broadcast continuity project that seeks to replace the current CD players that are placed at Sentech for any 'dead air' that could be experienced by an SABC Radio Station. The proposed system will have a playout system that comprises of servers that replicate the Radio Stations' daily playlist/programme (for multiple days).
- Efforts and plans are being put towards exploring a full IP Radio Main Control (RMC) and Master Control Room (MCR) that would be compatible, allowing more flexibility.

### TELEVISION BROADCAST RESOURCES (TVBR)

- Roll out the Dalet Galaxy MAM to News, Sport to address requirements for Sport and Parliament Channels is earmarked for the future;
- Complete the acquisition and roll-out of IP technology in outside broadcast facilities and studios. This should enable SABC to move away from renting telephone lines and reliant on Telkom for communication from live broadcasts at venues;
- Upgrade of Business Continuity facilities, Graphics, Newsroom Computer System, News Production System, MCR Router, DTT Headend, installation of Ad Insertion;



METRO FM radio personalities behind the scenes.

- Enhancement of Digital News production systems;
- Extend the innovative technology in Hybrid ENG to Radio outside broadcast vans; and
- Introduction of robotic cameras in order for SABC News and SABC Sport to cut back on the number of operators used for studio productions.

### BUSINESS INFORMATION TECHNOLOGY (BIT)

- The network services will be extended to the studios and visitors for wireless access to the SABC considering its National Key Point status. The upgrading of the Wide-Area-Network (WAN) through the Metro Ethernet project is also planned for the future;
- Upgrade of network infrastructure (Firewall and Switches) to improve connectivity and speed transfer of data/information via the Local-Area-Network (LAN);
- Revamp all SABC websites to be interactive;
- Implement digital storage workflows and infrastructure for SABC content and continue to improve the virtual server farm; and
- Ensure schedule stability to enable sales to fully exploit inventory by carrying out maintenance as well as replacing the TV Scheduling and Advertising Management System.

### CONTRIBUTION AND DISTRIBUTION (C&D)

- Continue to prioritise analogue switch off plans in order to speed up the process;
- Support the implementation of digital-to-digital migration project in order to release the digital dividend bands for National interest and align the radio frequency spectrum with International Telecommunication Union's World Radio Communication Conference 2019 recommendations;
- Implement the OTT platform and content delivery network transmissions;
- Continue the facilitation of the Digital Audio Broadcasting (DAB+) trial with NAB, Sentech and broadcasting industry players;
- Finalise the implementation of Channel Africa's migration to DRM platform;
- Develop and implement a multi-platform infrastructure and distribution platform monitoring; and
- Develop the digital Sound broadcasting strategy in line with industry developments.



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SABC Sport @ 10 live streamed on YouTube and SABC1.

## SABC SPORT

### Compliance with Licence Conditions

While the COVID-19 pandemic caused untold havoc for most businesses during the year under review, technology and circumstance presented SABC sport with several new growth opportunities.

It was also the year that SABC sport took a giant leap into the digital era, finally realising a long-held dream of a stand-alone 24/7 SABC sports channel.

Live-streaming over-the-top (OTT) mobile platforms, became an integral part of the media landscape leading to the rollout of eMedia's Openview direct-to-home (DTH) satellite-distributed free-to-air (FTA) set-top-box (STB) surpassing the two million mark. As a result, the possibility of mass distribution of content services through digital technologies became tangible. This environment meant that there was no longer a need for the SABC to wait for the long-delayed digital migration process. Instead, the SABC now had a chance to get a head start in the broadcasting environment of the future.

By the end of the fiscal, SABC sport had rolled out a fully operational channel live-streamed on Openview and the TelkomOne mobile media service.

Already on the SABC Digital Terrestrial Transmission boxes distributed by the government, this meant that by the end of the period under review, the SABC sports channel was finally available via three different digitally connected devices. With Openview decoders in over 2.3 million households, the government's DTT set-top boxes in over 500 000 households and the Telkom mobile subscriber base at nearly 15 million, the SABC sports channel will go into the new financial year chasing a share of an audience of almost 18 million strong.

By contrast, sports content was severely impacted in the first two quarters of the reporting period. Strict level 5 lockdown restrictions resulted in the suspension of all live sport in South Africa, affecting key properties such as the final matches of the Premier Soccer League (PSL) season, the SAFA Women's National League, Bafana African Cup of Nations and World Cup Qualifying and all Athletics South Africa (ASA) events.

Globally, lockdown affected all international sporting events, which also further impacted SABC sport's ability to acquire and broadcast content during this period.

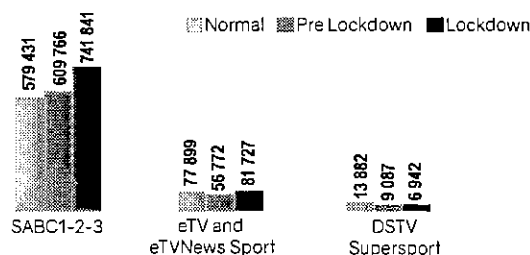
All the above challenges meant that the appointment of a new Head of Sport at the SABC in May 2020 came at a time that saw the SABC facing immense challenges. However, this

also offered the public broadcaster a valuable opportunity to build a new sporting proposition for South African sports fans in the free-to-air broadcasting environment.

### Programming Highlights

The SABC's rich library of great sporting content, enabled the public broadcaster to develop a series of 'Retro-Sports' broadcasts, featuring famous sporting events and documentary content on iconic South African sporting personalities. These were well received, with some retro events achieving AR's higher than live events in some instances.

### GRAPH: Grouped Sport's Casters



The content ensured that, while other broadcasters saw audience share for sport content drop substantially during quarter one and two, the SABC managed to retain and even grow its audience during this period.

Also, the disruption to both the local and international sporting media presented newly available content acquisition opportunities. With a new SABC sports channel launched, the strategy was to build a diverse offering of sports content that would resonate with all South Africans everywhere at anytime.

### Key Achievements

SABC sport's local and international content proposition was expanded substantially in the reporting period. Worth noting was a renewal of the agreement with Athletics South Africa (ASA), an agreement with Tennis South Africa (TSA) as well as the revitalisation for South African boxing that saw the return of local tournaments to SABC Sports channels, including international bouts featuring South African fighters.

SABC sport also renewed an agreement with Cricket South Africa (CSA) for a further season as international matches resumed at the end of quarter 3 with a short tour by England for a T20 and ODI series, followed by a test series against

*Handwritten initials: KK and ML*

Sri Lanka. Unfortunately, the England tour was cut short due to the pandemic and the planned Australian tour was also cancelled. On the other hand, the Sri Lankan visit enabled South Africans to enjoy their traditional Boxing Day and New Year's test matches without interruption.

International sports acquisitions focused on the content of interest to viewers that could be obtained at a reasonable fee. This included the English FA Cup, the German Bundesliga, and the French Top 14, which is the most successful rugby championship in Europe featuring over 50 former and current South African Springboks. Also acquired was one of the fastest-growing global motorsport events, Formula E. This highly competitive version of Formula 1 featuring electric racing cars built by some of the world's top motor companies will also host a Grand Prix event in South Africa, scheduled to take place in Cape Town in 2022. This will be live on the SABC.

### Looking forward

Women's sports will be central to the acquisition strategy in the future. The aim is to build on the existing South African Football Association's (SAFA) Women's National League and the acquisition of the English FA Women's Super League to offer viewers an exciting range of Women's sports. Future targets include Protea's cricket, Women's club rugby in South Africa, boxing, and motorsport with events like Extreme E and the W Series, a version of Formula 1 that features Women racers including South African star Tamsin Pepper.

Finally, a key part of SABC sport's offering to viewers has been to re-establish appointment weekend sports viewing across Saturday and Sunday afternoons with the launch of a new sports show, Sports Arena, in March 2021. This show, currently on SABC 3, will become the anchor brand for the Sports Channel and become a place where all the best of sport on our platforms will come together – a free-to-air home for SA sports fans that will keep them informed and entertained.

In summary, while the past fiscal has been a challenging one, it is clear that SABC sport and the new sports Channel have come out of this well placed to own the future and become a significant part of the South African media environment next 12 months.

# TRANSFORMATION TRANSFORMATION TRANSFORMATION TRANSFORMATION TRANSFORMATION

## To redress the imbalances of the country's past, the SABC is committed to Black Economic Empowerment (BEE).

All business activities are aligned with the national transformation agenda and thus complying with the B-BBEE Act 2003 and the Information Communications Technology (ICT) sector B-BBEE Codes.

Selected Supply Chain Management (SCM) activities are subjected to the Preferential Procurement Policy, Framework (PPPF) Act No. 5 of 2000. The latest Preferential Procurement Regulation 2017 effective 1 April 2017, with the introduction of the pre-qualification criteria based on B-BBEE levels of contribution (Regulation 4), made it possible to pre-qualify and earmark black owned, black women, and exempted and qualifying small enterprises for SCM opportunities.

During the year under review, the SABC, guided by Preferential Procurement Regulation 2017 (Regulation 9 – Sub-contracting as a condition of tender), was able to identify tenders, where it is feasible to subcontract a minimum of 30% of the contract value for contracts above R30 million, to historically disadvantaged groups. This allowed for the provision of opportunities to EMEs or OSEs which are 51% owned by Blacks, Black Youth, Black Women, Black people with disabilities, Black people living in rural or underdeveloped areas or townships, cooperatives owned by Black people as well as Black people who are military veterans. PPR17 applied the sub-contracting provision as a condition of tender to contract above R30 million, with the 30% minimum subcontracting requirement to EMEs or OSEs that are 51% owned by such enterprises and PDIs.

The following companies benefited from sub-contracting:

Main Contractor	Sub-contractor	Minimum % subcontracted
Internet Solutions Proprietary	Data proof Communication Proprietary Ltd	30%
EOH Mthombo (Pty) Ltd	Dloma Investment Projects (Pty) Ltd	30%
Servest Cleaning Services Pty Ltd	Tshuswani Enterprise Pty Ltd	30%

These preferential procurement initiatives were implemented across the Corporation and contributed positively to the performance against the set targets of the scorecard.

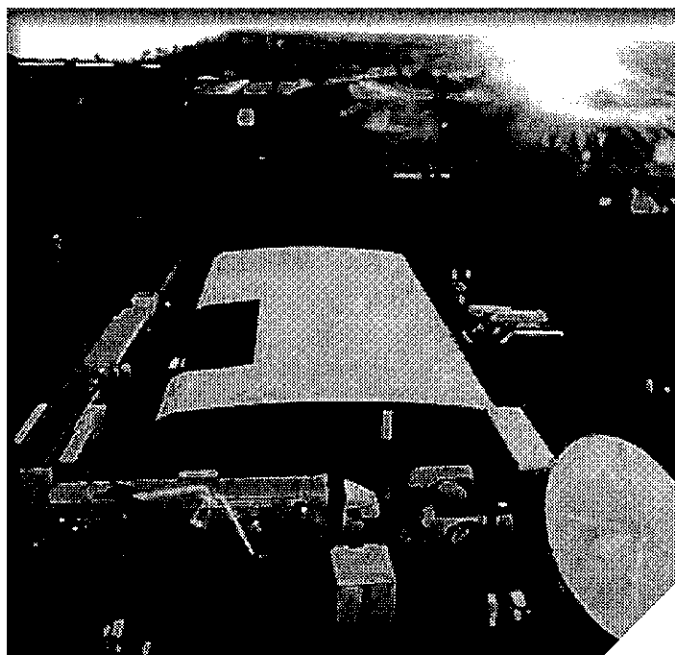
TABLE: Preferential Procurement Performance against the ICT Sector B-BBEE Codes

Indicator	Compliant target ICT Codes	Achievement
B-BBEE Procurement Spend from all Suppliers Spend	80%	141.77%
B-BBEE Procurement Spend from Suppliers that are at least 51% Black Owned	40%	61.78%
B-BBEE Procurement Spend from Suppliers that are at least 30% Black Women Owned	12%	22.52%
B-BBEE Procurement Spend from all Qualifying Small Enterprises	15%	16.00%
B-BBEE Procurement Spend from all Exempted Micro-Enterprises	15%	19.16%

- BBEE Spend for all BBEE levels stands at 141.77% which is higher than the set a target of 80%.
- Black Owned Companies with minimum of 51% black ownership our spend stands at 61.78% which is higher than the target of 40%.
- Black Women Owned with 30% or more black women ownership is 22.52% which is higher than the set target of 12%.
- OSE (Qualifying Small Enterprises) our Spend of 16% is higher than the set target of 15%.
- EME (Exempted Micro Enterprises) our Spend of 19.16% is higher than the set target of 15%.

# TECHNOLOGY TECHNOLOGY TECHNOLOGY TECHNOLOGY TECHNOLOGY

Technology infrastructure and state-of-the-art facilities are key to the efficient production and delivery of broadcast programming, digital media content, and support of commercial revenue generation for the SABC.



SABC broadcasts from NASREC as part of COVID-19 protocols.

The Fourth Industrial Revolution (4IR) has prompted the most dramatic transformation in the broadcasting industry in history as the move from analogue to digital broadcasting accelerates. The SABC continues to embrace the shift towards digital technologies and has made significant strides in ensuring that its content, on all its formats, reaches consumers everywhere, anytime and on any device. As new players enter the market with new offerings, the SABC's technology infrastructure forms an integral part of the Corporation's overall strategy of ensuring that the Corporation becomes a competitive multichannel and multiplatform public content provider.

The Technology and Digital Strategy, which addressed the critical areas such as digitisation, digitalisation and digital transformation of SABC assets, is part of an integrated approach to ensure that the SABC delivers on all its key objectives. The provision of compelling and accessible content spanning various genres to deliver on its mandate objectives remains paramount.

## MILESTONES

During the period under review, the following milestones were achieved.

### Radio Broadcast Resources (RBR)

RBR is a provider of radio content creation, production, and broadcast of both studio-based and outside broadcast-based productions of all 19 SABC radio stations across the country's nine (9) provinces.

The main objective for RBR was to implement the Radio Payout and Production Systems for all 19 radio stations. This project has been rolled out successfully to the Auckland Park-based radio stations: METRO FM, 5FM, SAfm, RSG, Radio 2000 and Channel Africa. The roll-out was also implemented at Good Hope FM. The next phase will focus on the rest of the provincial radio stations.

National Computer Equipment was delivered to the remaining regions and saw the delivery and server installation between November and March 2021. By the end of the fiscal the digital servers were delivered and installed in all the remaining

regions. The team has begun installing the databases and preparing them for the migration process, which begins in April 2021.

### Television Broadcast Resources (TVBR)

TVBR is responsible for the provision and support of television facilities for both in-house and outside broadcasts. During the period under review, the TVBR infrastructure was instrumental in facilitating operational and technical broadcast, ranging from postproduction, production studios and outside broadcast requirements for various SABC Sport and SABC News special events as well as flagship dramas. This was provided over and above the usual day-to-day sport and news coverage of local events.

At the beginning of the 2020/21 financial year, TVBR endured severe challenges at the pandemic outbreak and the imposed strict Lockdown Levels. To ensure business continuity for all Television services, TVBR was instrumental in the establishment of a Disaster Recovery (DR) Site at NASREC with News studio capability; remote services for the transmission of television channels – Final Control Centre (FCC) and Master Control Room (MCR) services monitoring. This was aimed at reducing the risk of COVID-19 infections by isolating the site from the rest of the SABC to ensure the SABC News continued to stay on-air. The successful running of the NASREC DR Facility enabled technology to venture and test some of the broadcast services such as Home Broadcast by News Anchors, and the introduction of SKYPE platform onto broadcast of services.

Furthermore, in response to the disruption of the academic year cause by COVID-19, the Television facilities technical support enabled the use of Studio1 for recording tutorial classes for Grade10-12. This was conducted in collaboration with the South African Department of Basic Education, Gauteng Department of Education and SciBono. Over 700 Hours of Education Classes were recorded and transferred for use on SABC channels (SABC1, 2 and 3). The SABC also assisted SABC Education to stream these recorded classes on their YouTube channel. The launching of an SABC Education Channel on DTT was identified as an urgent need

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with the school curriculum interrupted. Through collaborative work with distribution and contribution partners, SABC Technology facilitated the launch of the channel.

The consistent coverage of News events such as the State Capture Commission, the GCIS Briefings and Presidential State Addresses on COVID were successfully managed with minor challenges. The COVID Presidential Announcements and Ministerial Addresses were successfully facilitated from various venues, such as the Union Buildings and GCIS.

One of the most transformative projects was the facilitation of remote working by SABC employees. The arrangements worked well as operations were able to continue uninterrupted. There was an increase in the use of social media platforms as a contributor to SABC News bulletins due to the lockdown. Platforms such as Google Meet, Twitter and Skype were used to broadcast events such as the Dennis Goldman memorial service..

TVOB provided technical facilities and crew to broadcast the METRO FM Get2getherExperience which was a sponsored DJ show. This production ran from 24 April 2020 until 19 December 2020.

The arrival of the first batch of COVID-19 vaccines were broadcast from OR Tambo International airport.

### **Business Information Technology (BIT)**

The IT department oversees the installation and maintenance of computer network systems within the SABC. Its primary function is to ensure that the network and systems run smoothly. In addition, the IT department evaluates and installs the proper hardware and software necessary to keep the network functioning properly.

When COVID-19 hit South Africa last year, IT responded and provided access to systems and devices to enable the SABC to continue with business as usual remotely.

### **IT Networks**

A project for the replacement of network equipment that was old, and out-of-support, was implemented to mitigate several Audit findings and provide additional features. This included out-of-support firewalls. Virtual Private Network (VPN) authentication servers were upgraded to newer technology, including intrusion-prevention that wasn't available before, and higher capacity to enable higher Internet bandwidths required for broadcast and business.

Out-of-support distribution and access layer switches were replaced. Audit findings on these have been resolved, and implementation of new technology switches enabled 1Gbps speed to each desktop and Wi-Fi access points, reducing bottlenecks on the network.

Uptime of 100% for the local area network and wide area network has been sustained throughout the year.

Networks assisted and supported broadcast services to work from home and other alternate locations, such as SENTECH and NASREC, when the initial nationwide COVID-19 lockdown was implemented. Additional cabling for the Dira and Access Control projects have also been installed.

### **IT Telecommunications**

At the height of the pandemic, IT-enabled the TV-License call centre to work from home using the current IP PBX where agents need to be on VPN as if they are at work. The news staff and the technical team used IP phones connecting directly to the SABC network on the DR Site.

### **IT Computer Operations and IT systems**

Among other projects that the system development team has embarked on to assist businesses in meeting their strategic objectives during 2020/21, was the SABC COVID19 Screening App to provide insight through data analytics and visualisation into all phases of the COVID-19 infection spectrum in the South African workforce. The value of this project was to understand the impact of the COVID-19 interventions in the workplace and develop a framework for a COVID-19 surveillance model for monitoring workers in general, health workers in particular) both public and private sectors.

### **IT Governance**

Eleven policies were reviewed and approved in accordance with the two-year requirement as per the Policy management framework by 31 March 2021. Four policies outstanding are currently in the review process.

68% of internal audit findings resolved by 31 March 2021.

86% of external audit findings resolved by 31 March 2021.

### **Broadcast Contribution and Distribution**

The Analogue Switch-Off (ASO) is progressing according to the DCDT's PMO's schedule for the switch offs. The switch offs was initiated on 8 March 2021 with the insertion of character generators. Five high power and three low power sites have been switched off in the Free State Province.

### **INNOVATION**

#### **Radio Broadcast Resources (RBR)**

Due to COVID-19 lockdown in the Republic of South Africa, RBR had to be more innovative in order to support and ensure that the Radio Stations were and are "on-air" without fail. A number of web-based programs such 'Skype', 'Cleanfeed', 'Fieldtap' and 'Linphone' were tested and implemented successfully for broadcast contribution by Presenters from their home – as part of home broadcast innovative solutions.

To foster cost containment and improve operational efficiencies on the Broadcast Connectivity Technologies, RBR has reduced reliance on Telkom ISDN and also cut down on BGAN Satellite usage by leveraging on the already in place TV satellite, through the use of SABC Hybrid Vans that are allocated to all provinces including Auckland Park Outside Broadcast section.

#### **Television Broadcast Resources (TVBR)**

TVBR facilitated an SABC Education Channel launch on the DTT platform to enable the full scheduled broadcast of Grade 10-12 classes during the COVID-19 Lockdown period. The channel was set up to be monitored and managed from FCC1 operations. These classes were enabled for streaming on the SABC Education YouTube channel and the transfer of 700 hours of Media Content recordings of the COVID-19 Education tutorial classes from an EVS production server system to LTO and DALET archiving system was successful.

TVBR forged forward with efforts to stay digitally driven. The challenges presented by the COVID-19 lockdown, called for solutions to broadcast differently and the streaming of content to various online platforms gained more momentum. TVBR technical teams managed to set up a server capable of receiving RTMP streams and forward them to various destinations such as YouTube, Facebook, etc. for the SABC3 / Good Hope FM / 5FM Music show.





Technology assisting in recel and converting of the Wild Earth series for SABC3.

In October 2020, TVOB was responsible for broadcasting the virtual Cape Town marathon hosted in 3 different cities: Cape Town, Pretoria, and Potchefstroom. Bonded cellular technology was used to send feeds to the production control room based in Johannesburg, a first for the SABC broadcast. This innovation significantly reduced the costs of broadcasting a marathon as TVOB transmitted signals over cellular networks instead of hiring helicopters to track the runners.

In addition, the acquisition of Skype machines allowed News to conduct interviews during the lockdown period. TVOB also assisted sport to stream various channels by providing them with streaming servers.

### Distribution and Contribution (D&C)

D&C designed a program using freeware to compress all the media that were sent out to the SABC's OTT partners. This project did not cost the SABC, it was accomplished using existing servers and the project satisfied an immediate and very important business requirement. The project also had the major benefit of saving the SABC, over R6 million that would have been spent on storage and bandwidth requirements.

### IP PORTFOLIO

#### Radio Broadcast Resources (RBR)

RBR's motto is to continuously innovate. The provinces were encouraged to migrate and reduce the usage of ISDN lines and Diginet lines between provincial centres. They were encouraged to leverage on the Internet Protocol (IP) codecs which use the already in place Metro Ethernet Network. This initiative is also in line with contributing towards cost reductions and improving the financial sustainability of the business unit.

The recently acquired broadcast equipment and solutions are geared towards integration and compatibility with IP solutions. Engagement sessions are being held currently to explore full IP RMC and MCR that would be compatible, allowing more flexibility. Lastly, the 7-Pool Studios project in Radio Park has been approved and is currently at the SCM stage, which will be IP based, these studios will also cover the Radio Stations needs for Visual Radio, as well as the social media aspects.

#### Television Broadcast Resources (TVBR)

As part of enhancing the capability to accommodate delivery of urgent transmission content, TV technical arranged for the receipt of "Series of Wild Earth" program episodes Over-Internet which were then decoded and converted into HD SDI to integrate with the TV Playout system infrastructure for broadcast.

#### DTT

The SABC channels on the DTT/DTH platform is a strategically critical project which proved that the public broadcaster is a multichannel and multiplatform content provider operating in the digital domain but, it also provides consumers with more choice and free-to-air services thus providing an opportunity to aggregate revenue through advertising and sponsorships.

#### Radio Broadcast Resources (RBR)

RBR has digitised most of the Radio Stations Studio and Radio Main Control infrastructure in all SABC offices in preparation of DTT. The Radio Stations' audio is being streamed to Auckland Park via audio codecs which is fed into the DTT Headend. The broadcast value chain has been updated for DTT compatibility with all 19 SABC Radio Stations on the DTT platform.

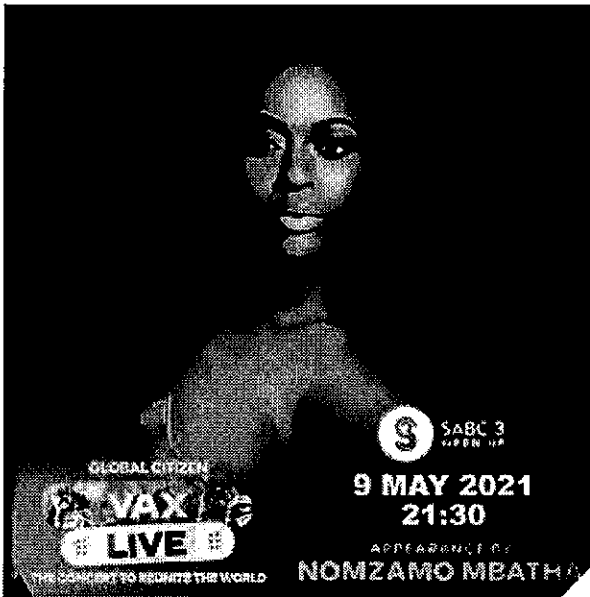
#### Television Broadcast Resources (TVBR)

The adverse impact on the country's education system during the stricter Lockdown period required a mandated response from the SABC. The launch of SABC Education Channel on DTT was realised as an urgent need to ensure remote classes broadcast. Through collaborative work with Distribution and Contribution, Regulatory partners and TV Content, TVBR enabled a SABC Education Non-Reactive Channel to be launched on DTT.

TVOB has tested streaming servers which will allow multiple streams from the venue. This potentially can allow the SABC market-specific streams to specific viewers. As an example: a women's race can be broadcast as a separate stream during a marathon. This will serve the envisaged multichannel OTT platform well.

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The strategic partnership with the Global Citizens, carried live on SABC3 and digital platforms.

The outbreak of the coronavirus marred the dawn of 2020. What began as a negligible news story in China soon became a global pandemic that imposed stringent lockdown conditions in South Africa from 26 March.

As a result, brand marketers were forced to explore new ways to promote products and services, generate insights and communicate with clients and customers under new conditions.

During the period under review, the promotion of reliable information to combat misinformation became prioritised. All SABC platforms from radio, TV and online, carried various Public Service Announcements promoting staying at home, social distancing and adhering to COVID-19 regulations.

### SABC MOTHER BRAND

Amid an aggressive pandemic, social media ensured that people stay connected while physically separated. The SABC's corporate social media presence was expanded with the launch of two new platforms, LinkedIn and Instagram. In addition, specific content plans were introduced across all platforms, an approach that contributed to the increased following across all social media platforms by approximately 143%.

SABC Marketing sought relevant opportunities to position the SABC brand through marketing campaigns, sponsorships, brand experiences, Public Relations (PR) and publicity interventions. In addition, some of the SABC sub-brands also executed major campaigns and strategic partnerships across platforms to ensure that brands remained connected to their audiences.

A key deliverable for SABC Marketing was to grow and come up with innovative ways to reach our audiences. Accordingly, SABC TV Marketing produced new television transversal promos to cross-promote offerings on the SABC TV network to support the overall programming strategy.

One of the key highlights for the reporting period was to improve staff and management engagement within the SABC. This was achieved through strategic, targeted campaigns to constant communication across digital platforms to ensure that staff remained informed.

## Corporate

# MARKETING MARKETING MARKETING MARKETING

## Building the SABC Brand

With tradeshows, conferences, and events cancelled to mitigate the spread of the coronavirus, there was a vast change in business strategies, market values and consumer demands. As a result, online events and activations become the new normal, as they served a great purpose of ensuring business continuity while maintaining social distancing.

Another highlight was the two wins at the inaugural Virtual Promax Africa Awards which took place in October 2020. The event saw more than 500 international broadcasters come together to recognise the best on-air work, amongst broadcasters. The accolades received affirmed the SABC's credibility amongst its industry peers.

Although the pandemic prevented the rollout of planned events, corporate marketing was instrumental with a few strategic partnerships to enhance brand awareness and visibility through initiatives like the Global Citizens, "Global Goal: Unite for Our Future", which were carried live on SABC3 and digital platforms.

### Campaigns

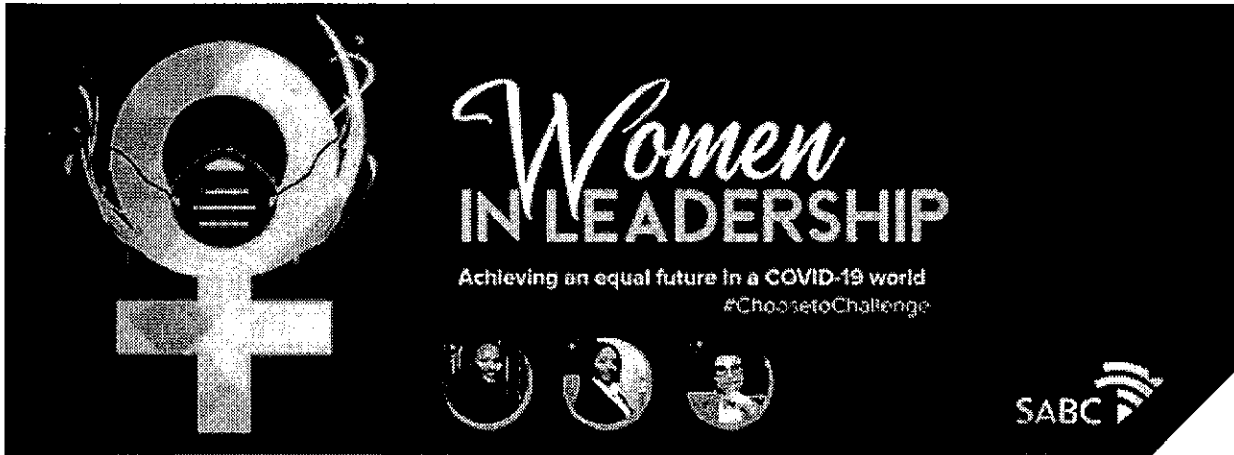
The role of the SABC extends beyond its mandate and this was demonstrated through its enriching partnerships and campaigns aimed at serving the broader South African community, its audiences, and employees. Below are some of the campaigns that were carried out during the reporting period:

#### Mandela Month

Mandela Month is a strategic day of national importance and the SABC provided much support through its campaign line #HisLegacyLives in celebration of an inspiring life and challenging all South African citizens to follow in Madiba's footsteps. The elements executed included radio ads across SABC radio stations, digital banners across the SABC's social media platforms. SABC2 produced the TV promo that was aired for the duration of Mandela Month. All SABC radio stations adapted the #HisLegacyLives messaging and personalised it to fit the respective audience profiles. The campaign resulted in a reach of 76.9% and a frequency of 64.1% across all SABC platforms.

#### 84th Birthday

1 August 2020 marked 84 years since the SABC was established in 1936. The celebration for the year under review



SABC Corporate Marketing Women's Day initiative.

were centred on emphasising and capitalising on the SABC's most notable.

Using a multi-pronged approach, encompassing its TV, Radio and digital platforms, the SABC celebrated its key milestones achieved over the years to educate its audiences about its history, thus demonstrating how the corporation has evolved over the years.

#### Women's Day

In line with the theme for the year under review 'Women in leadership: Achieving an equal future in a COVID-19 world', three (3) SABC female employees, namely, Dikgang Mahlaela (Chairperson of the Crisis Management Team); Nomusa Kweyama (National Wellness Manager) and Ms Renee Williams (GM: TV Content), were identified as women who have made an impact to the organisation at a time when the SABC was adjusting to the changes in its business operations brought by the novel COVID-19 pandemic. The three employees were profiled in the Leadership magazine and their meaningful contribution to the SABC was well documented.

#### #MadePossibleByYou Campaign

SABC TV Licences launched a citizens-based campaign in April 2020 as a follow up to the previous year's #MadePossibleByYou campaign, which featured SABC talent sharing stories of their personal journeys at the public broadcaster in a bid to encourage South Africans to pay their TV licences.

The #MadePossibleByYou campaign for the period under review featured real-life stories that were collected through a nationwide search at the end of 2019. The quality and variety of stories submitted really impressed the broadcaster and the selection committee ensured that the chosen stories represent South Africans of different ages, race, gender and were in all the 11 official languages and covered all the different types of SABC TV and radio programming. The submissions demonstrated how SABC TV and radio, through their various programmes, helped people deal with big life challenges like homelessness, bullying and overcoming adversity in the most extraordinary of circumstances. The vignettes were aired across all SABC radio and television platforms, as well as the SABC's social media platforms.

While the primary goal of this campaign was to encourage South Africans to pay their TV Licences, the SABC was extremely humbled by the stories the public shared and hoped that in showcasing these heartwarming stories, the public broadcaster can prove the powerful impact it continues to have in the lives of millions of its audiences and therefore inspire South African citizens to pay their TV Licences.

## SABC TV BRANDS ACTIVATIONS

### SABC1

COVID-19 disrupted SABC1's schedule to a certain degree; however, the channel's long-running shows continued to air the latest content. The key highlight was the 'Get2gether Experience', which performed exceptionally well on Fridays and Saturdays timeslots. The Get2gether Experience collaboration between SABC1 and METRO FM brought together TV, radio, and digital. It proved to be one of the most innovative and cost-effective initiatives which set both brands apart from competitors while maintaining their dominance in the market. Moreover, this collaboration brought about the level of unimaginable coolness in the history of broadcasting by relying solely on each other's brand strengths for the betterment of the organisation.

SABC1 launched its campaign "Nomanini We Move" to promote its July/August schedule, which was primarily focused on new shows and new seasons as well as continued support for long-running shows. In addition, SABC1 hosted a live digital event to promote this schedule.

For the first time in broadcasting history in South Africa, a religious programme entered the Top 25 most-watched programme in Ngo Musa.

The faith and spirituality show retelling inspiring testimonies of real-life wonders and courageous moments as experienced by people, who believed that Grace intervened and demonstrated an omnipotent presence at the helm of our lives, was a first for primetime content on the channel. The series achieved an average performance of 6AR/20.9% Share and delivered 2, 254, 136 audiences; assisting SABC1 to retain its dominance and lead in that slot across FTA landscape. The visual tone and entertainment value brought by spiritual and faith-based content to the channel was refreshing and much-needed differentiator from the much loved and always anticipated high stakes melodrama and angst delivered by our docu-drama and docu-reality offering. The show featured as number 20 in the 25 most-watched programmes in the country during its premier launch.

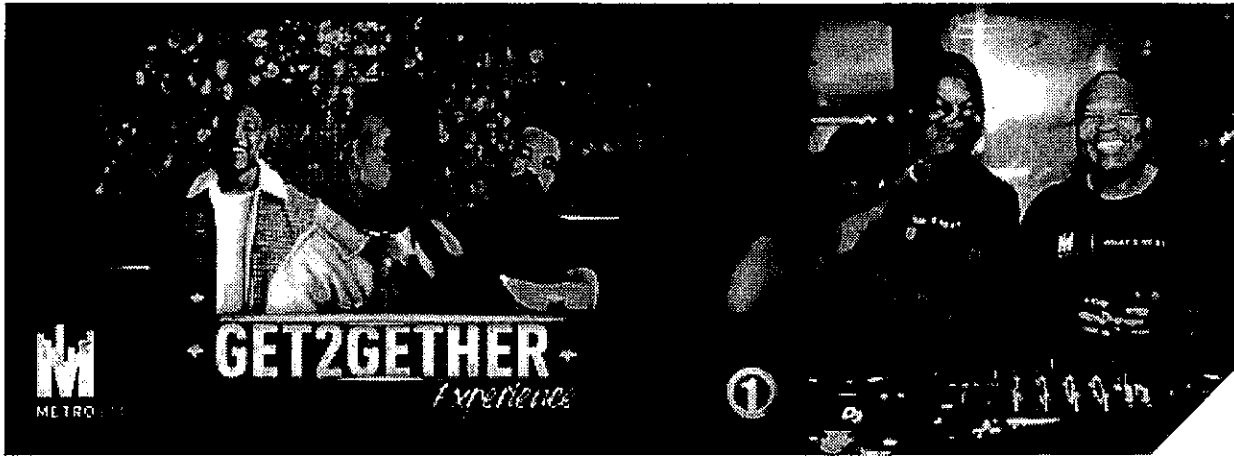
In support of the channel's Youth month campaign, the 3rd annual youth symposium took place on Tuesday, 16 June. The idea was to have speakers that could contribute to the pandemic crisis the nation was going through.

The Get2gether Experience, Eddie Zondie Tribute special, was a key offering in June. It saw a positive response, generating massive social media engagement during the show and publicity post the show.

SABC1 hosted the New Year's Eve proposition as a pre-recorded offering, competing with the market of similar



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SABC1 and METRO FM's broadcast collaboration the Get2gether Experience.

events-based offerings in a Covid19 environment. This was a critical competitive offering from the channel.

The January Takeover on SABC1 was delivered with fresh titles and new seasons. The campaign was supported aggressively on various platforms to drive awareness and appointment viewing of our key content. It came to an end in February where SABC Marketing TV used the opportunity to launch fresh upcoming content on Air and Digital platforms. Key highlights being the below shows:

In March, the When We Launch, We Make Sure campaign was launched. The purpose and aim of the campaign were to reinforce the fact that SABC1 remains an industry leader in the delivery of locally produced content. The campaign was supported by two media events in celebration of UBettina Wethu.

## SABC2

One of SABC2's flagship programmes, 7de Laan reached its 20-year milestone on 4 April 2020. The channel's marketing-supported and celebrated this milestone.

SABC2 had planned to be a media partner for the Joburg International Comedy Festival, which entailed broadcasting previous and current events. Unfortunately, due to COVID-19, the event did not take place and was postponed. However, the channel did broadcast previous events as planned and rolled out the upcoming events later.

SABC2 continued to keep the nation abreast of lockdown regulations with announcements from the State President as well as the COVID-19 Command Council, which resulted in schedule changes.

SABC, in partnership with Soul City and SABC Education, launched a first of its kind talk show in South Africa, the unapologetically feminist talk-show, it's a feminist thing, is inspired by women's rage and the uprising of young women galvanised into action by the low-grade civil war being waged on the bodies of women, girls and gender-non-conforming people. The 8-part show explored the relationship between women and gave real expression to the ways in which women love, support and empower one another. The show was catalysed by the feminist revolution that took shape as the #TheTotalShutdown, the #SandtonShutdown, and the protests of women who took to the streets after a 19-year-old university Cape Town student Uyinene Mrwetyana, was tortured, raped and murdered in August 2019. The show was hosted by Phinah Kodisang, Kgomoiso Matsunyane, Thando Gumede and Nyiko Shikwambane, an intergenerational group of fiery intersectional feminists who tackle old and deeply-rooted systems of power that cut across custom, class, culture, politics, and religion. The series was also supported by eight (8) Public Service Announcements.

In its new season, Afro Café initiated an Instagram live feature. Due to the challenges encountered on the live feature, a different approach was taken to allow artists to host the live and integrate the channel and the show. The live video was also shared on the artist's platform to reach viewers who could not attend the live session, which provided a better reach.

In response to the escalating gender-based violence incidents, the channel showcased content addressing this issue.

As the country was moved to alert level 3 and the traffic on the roads increased due to people going back to work, SABC2 marketing team implemented the out-of-home campaign. The creative placed on the medium focused on shows that would launch in July 2020 to assist in driving appointment viewing of the slots that were created from a scheduling and programming perspective. The promoted shows included Speak Out, Kniediep in die warm water and Melody, Lithapo and Famalam and the parenting slot.

SABC2 launched a new drama Vutha, alongside a that saw the channel embarking on live viewing and Q&A session between the cast and audiences: The marketing team held a virtual zoom screening for viewers through Zoom. Marketing also included Facebook paid promotion of the new show Vutha to reach targeted audiences; this was implemented for two weeks.

## SABC3

SABC3 saw the broadcast of the Contagion movie during the outbreak of the COVID-19 pandemic. This broadcast saw the channel become the most-watched channel in the country on 3 April 2020, generating over 4 million viewers. During the period under review, SABC3 continued promoting key shows like Tropika Island of Treasures, El Chapo and Espresso. The channel also promoted the schedule and content carried on its platform, particularly during the lockdown phase.

SABC3 continued to update its viewers about COVID-19 in an entertaining manner through Espresso and Afternoon Express. The channel also showcased the Virtual Parties in partnership with 5FM and Goodhope FM.

### 5G Virtual Party

SABC3 partnered with 5FM and Goodhope FM in showcasing a virtual party, where a 5G Battle of the DJ's took place. The channel hosted two of these virtual parties; however, due to COVID-19 infections of someone from Goodhope FM, the initiative was cancelled.

In June 2020, SABC3 aired the first Tennis tournament Adria Tour and also partnered with Global Citizen for the Global Goal Unite for the Future Concert, which generated media and publicity for the channel.



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# COMPLAINTS COMPLAINTS COMPLAINTS COMPLAINTS COMPLAINTS

During the period under review, the SABC continued to receive, respond to and refer complaints from members of the public, regulators, Chapter 9 institutions, et cetera.

Complaints are classified into two main categories, namely, direct and indirect complaints. Direct complaints are those that are received by the SABC without the involvement of regulators, whereas indirect complaints are received from regulators such as BCCSA and ICASA, and ARB.

## BROADCASTING COMPLAINTS COMMISSION OF SOUTH AFRICA (BCCSA) MATTERS

Of the 93 cases against SABC services finalised by the Commission for the period under review, 86 were dismissed and seven upheld. The upheld complaints can be summarised as follows:

- A talk show programme broadcast on Phalaphala FM shared inaccurate and misleading information with listeners.
- The broadcast of the news report about the strangulation of USA citizen George Floyd by the police without prior warning.
- The SABC, in its news report inaccurately reported that Unibisco Biscuits issued dismissal letters to workers who failed to report for work after the announcement of Level 5 lockdown.
- A crèche in Pretoria complained that they never gave consent to the SABC News team to be interviewed.
- A Johannesburg based company accused of swindling its workers off their UIF benefits was not given a right of reply in a news broadcast.
- Two last cases that were upheld relate to the misleading information broadcast on Motsweding FM wherein the presenter reported false and misleading information related to COVID-19 whilst the other case relates to a sensitive topic discussed on Thobela FM without prior warning.

## DIRECT COMPLAINTS

The SABC received 766 direct complaints which were referred to the relevant departments for their attention.

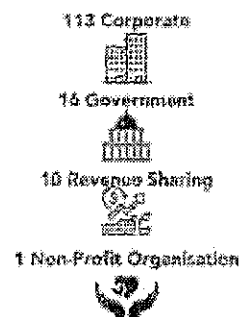
## INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA) MATTERS

The SABC appeared before ICASA's CCC on the 16th of October 2019 to answer for contravention related to election broadcasts. Four SABC radio stations, namely; Radio 2000, Ligwalagwala FM, Tru FM and SAfm were charged with contravening regulations governing elections. ICASA found that although a minor percentage of errors were made, the SABC had not been negligent. It had fulfilled its task with diligence, as is expected from a Public Broadcaster.

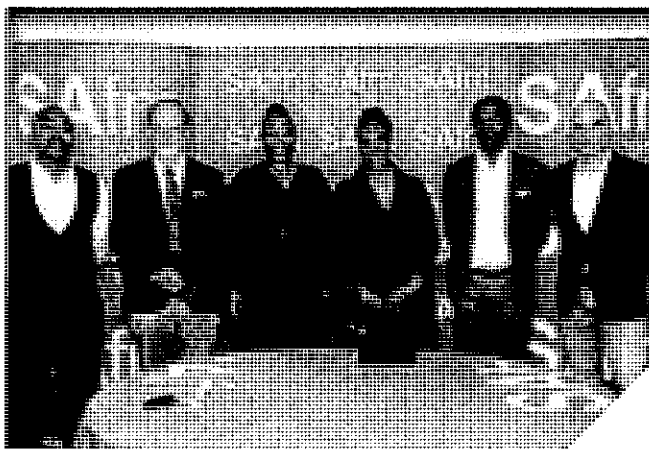
## PARTNERSHIPS

Collaboration and partnerships play a critical role in addressing systemic barriers, driving collaborative innovation and sharing risk.

Overview of partnerships the SABC has entered.



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The Thought Leadership Series which was aired on SAfm and YouTube.

# STAKEHOLDER STAKEHOLDER STAKEHOLDER STAKEHOLDER STAKEHOLDER

## Engagement

**The SABC as a public service broadcaster in partnership with public organisations and private entities undertook various social initiatives focused on delivering on a number of key national priorities close to the heart of government and the majority of South Africans.**

These focus areas form part of the overall SABC's strategy of contributing to and being a catalyst for social cohesion and transformation of the South African society across all nine provinces of the country.

### PARTNERSHIPS

Every year the Corporation enters into partnerships that either add value to the Corporation in terms of revenue and brand enhancement or partnerships that assist with the delivery its mandate.

To this end, the Funding and Partnership department in collaboration with the Department of Basic Education, ensured continuity of learning during the pandemic, across SABC platforms.

The division adopted an Omni-channel marketing approach to deliver key marketing campaigns such as Freedom Month, Workers Month, Mandela Month as well as the SABC Solidarity Fund COVID-19 Campaign.

Key content funding partnership agreements that were entered into for the reporting period were with the National Department of Health, Ilifa Labantwana, the DG Murray Trust and the Nat'ibali Trust. The focus of these partnerships was around bringing high-quality Early Childhood Development content across all SABC platforms.

The COVID-19 pandemic saw a lot of business sectors coming together to address the impact of the pandemic as well as creating public awareness. In this regard, the SABC executed educational campaigns in partnership with the Department of Basic Education and the National Educational Development Trust. The coronavirus awareness efforts were spearheaded by SABC Education in partnership with the Solidarity Fund and the DG Murray Trust. The national campaign provided South African citizens with daily COVID-19 reports and general information regarding the protective measures to be undertaken to save lives.

### STAKEHOLDER INITIATIVES

In an effort to build and strengthen its relations with its valued stakeholders, the SABC conducted an online Stakeholder Satisfaction Survey during the period under review. The

results of the survey assisted the Stakeholder Relations department gain insight on how it can improve its service offering to ensure that the SABC's stakeholders derive the best value from the Corporation. The link to partake on the survey was shared with members of SCOPA, Portfolio Committee on Communications and Committee on Public Enterprises and Communications.

### THE PULSE NEWSLETTER

During the period under review, the SABC launched 'The Pulse Newsletter', an important tool to ensure that the SABC's stakeholders are kept abreast of ground-breaking development and activities taking place at the public broadcaster. The newsletter also served as an extension for the Corporation to continue to engage constructively and regularly with its stakeholders whilst exploring opportunities to partner on meaningful initiatives.

### AFRICA BRAND SUMMIT

The SABC was the media sponsor of the Africa Brand Summit, a global event that proposes to become a respected platform for frank, politically unaligned, conversations – a place where Africans get to look into the mirror and acknowledge their own role in Africa's perennially negative image but more importantly, come together to share ideas and solutions to change this narrative. The event took place in Cape Town on 7 -8 October 2020.

Keynote speaker included the esteemed, Prof Lumumba. The SABC was represented by Channel Africa Station Manager, Maurice Mate and Group Executive: Current Affairs and Marketing, Gugu Ntuli.

### THOUGHT LEADERSHIP SERIES

Through this platform of mediated conversations with the broader industry and the public, the SABC's Thought Leadership Series, gained interest due to its ability to bring the best national and global minds together to tackle subjects that enrich SABC audiences and build a positive image of the SABC among industry stakeholders.

SABC had not been negligent. It had fulfilled its task with diligence, as is expected from a Public Broadcaster.

## Achievements and

# AWARDS AWARDS AWARDS AWARDS



SABC's children's programme "Words and Numbers" wins a SAFTA.

Over the years, the SABC has shown commitment to build its business on the foundation of excellence in order to execute its mandate exceptionally.

This section highlights the honours that have been bestowed upon the SABC, its platforms, programmes, and employees:

### NEWS AND CURRENT AFFAIRS

- The Reuters Institute Digital News Report released in June 2020 placed the weekly usage of SABC News on television at 51%, and at the top of all news consumption in the country.
- SABC News, amongst others, was awarded the 2020 South African National Editors' Forum (SANEF) coveted Nat Nakasa Award for courageous and brave journalism. The Award was given to all journalists who covered the COVID-19 pandemic in South Africa.

### SAFTA AWARDS

- Best Children's Programme - Words and Numbers
- Best presenter - Entle Bizana, (Hectic on 3)

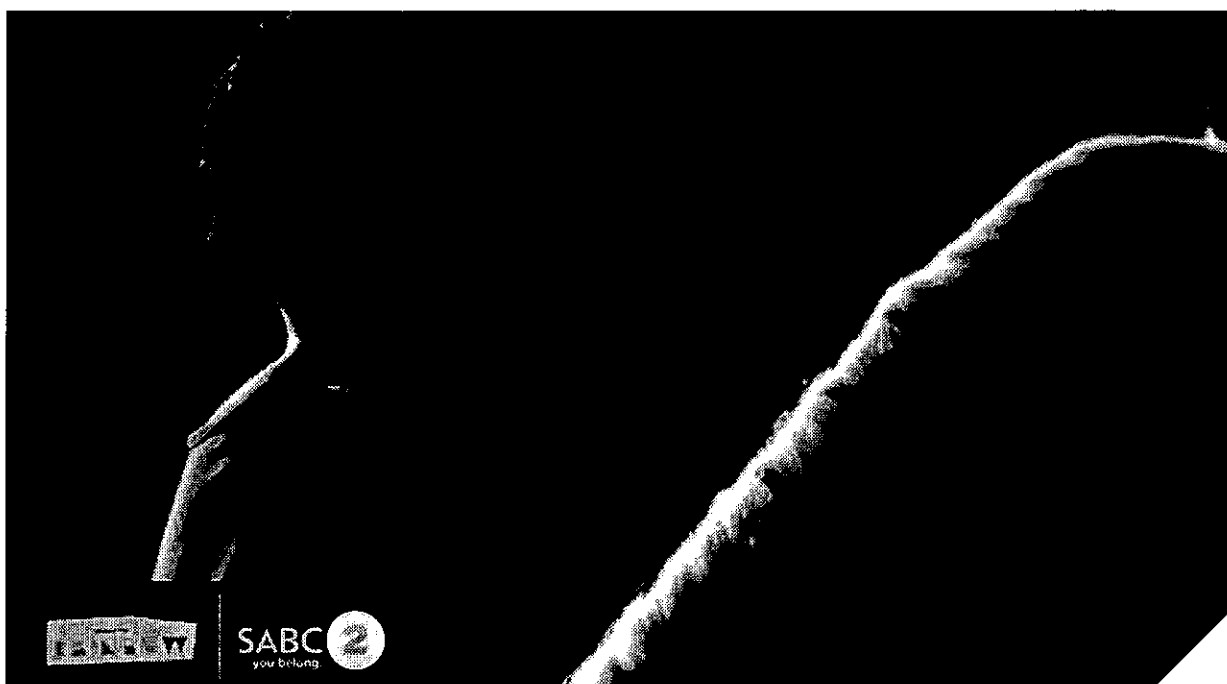
### INPUT

SABC1's reality interventionist programme "It takes a village" was selected for screening at INPUT - International Public TV Screening Conference in Potsdam, Germany. INPUT explores productions from around the world that pushes challenges the status quo and drives innovation in public service broadcasting.

### PRIX JEUNESSE 2020

The Prix Jeunesse International Festival and Competition which is a premier get-together for content, innovation and quality in children's TV took place virtually from Munich, Germany on 5-11 June 2020 due to the global COVID-19 crisis. Its aim is to shine a spotlight on outstanding television productions

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SABC2's children's programme "Behind the Rainbow" nominated as an inspiring doccie series by Prix Jeunesse International Festival and Competition.

for children from around the world. SABC2's children's programmes "Behind the Rainbow" produced by Storytown Productions based in Bloemfontein was nominated and selected as a finalist in the non-fiction category for children aged between 11 and 15. This children's doccie series is an inspiring youth documentary series wherein children from all over South Africa give a unique and inspiring first-hand account of how their passions have helped them to overcome obstacles. Although in the end the programme did not win its category, it was still a great honour for it to be acknowledged at this prestigious event. The show gave visibility to the channel's content on an international stage.

### PROMAX AFRICA AWARDS

During the year under review, the SABC won two Promax Africa Awards as follows:

- Promax Gold Award - best design without footage (Freedom Month campaign)
- Promax Silver Award - best radio promotion (SABC3's Access Animal Shows)

### 2020 RADIO AWARDS

- Station of the Year – PBS - Radio 2000
- My Station – Most Votes - Ligwalagwala FM
- Afternoon Drive Presenter – PBS - Lucky "LTK" Komnisi (Motsweding FM)
- Afternoon Drive Show- PBS - Rea Kubeletsa Afternoon Drive Show (Lesedi FM)
- Breakfast Show Presenter – PBS - O'neil Nair (Lotus FM)
- Breakfast Show - PBS - Di Rage (Motsweding FM)

- Community Project - PBS - DiHalemeso – (Thobela FM)
- Content Producer – PBS Timmy T Maranda - The Touchline Show (Radio 2000)
- Daytime Show – PBS - Kings And Queens (Radio 2000)
- Music Show - PBS - Trufm Top 30 (Trufm)
- News And Actuality Show - PBS - Sutherland Droogte - Monitor (RSG)
- News Bulletin Reader - PBS - Jwalane Thulo (SAfm)
- News Bulletin Reader – Commercial - Relebogile Mabotja (METRO FM)
- Night Time Show - PBS - Umxholo Kumhlobo (Umhlobo Wenene)
- Promotions Stunt/Event - PBS - Moswa Le Bokamoso (Thobela FM)
- Sports Show -PBS - The Touchline Show (Radio 2000)
- Station Imaging- PBS - Radio 2000
- Weekend Radio Show – PBS - The Weekend Favour (Radio 2000)



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SCAN this QR code to take a virtual tour of the SABC TVOB's.

GOVERNMENT

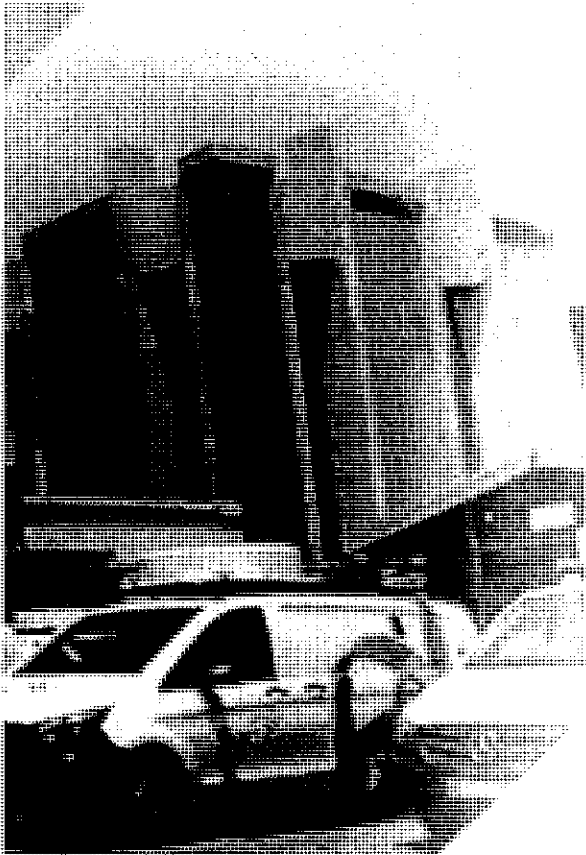
South African Broadcasting Corporation (SABC) | SABC Annual Report 2020 - 2021



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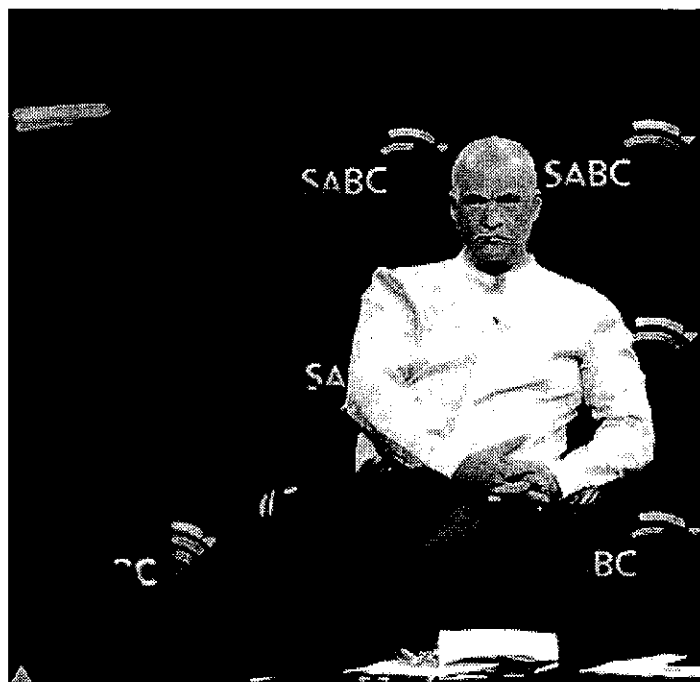
## **BROADCASTING FROM THE FRONTLINE**

SABC continued to provide essential service of broadcasting to the millions of South Africans, who rely solely on the SABC for information, education and entertainment throughout the stringent lockdown conditions. This was made possible by the SABC's dedicated workforce, technology infrastructure and state-of-the-art facilities.

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## Governance and

**ACCOUNTABILITY  
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ACCOUNTABILITY**



Leadership engaging staff on COVID-19 interventions.

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

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

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

### PORTFOLIO COMMITTEES

#### Portfolio Committee on Communications

During the year under review, the SABC Board appeared before the Portfolio Committee on Communications on 5 occasions:

- 21 July 2020
- 22 July 2020
- 20 October 2020
- 25 November 2020
- 23 February 2021

#### Standing Committee on Public Accounts (SCOPA)

During the year under review, the SABC appeared before SCOPA on 28 July 2020 and 1 September 2020. On 23 November 2020 SCOPA visited the SABC.

### EXECUTIVE AUTHORITY

#### Shareholding

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

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### Shareholder Compact

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

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

The SABC Board attended 5 meetings with the Ministry of Communications and Digital Technologies during the 2020/21 financial year on the following dates:

- 17 November 2020
- 23 November 2020
- 6 January 2021
- 21 January 2021
- 25 January 2021

### THE ACCOUNTING AUTHORITY: THE SABC BOARD

#### Role and Function of the Board

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

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

The role of the Board includes the following activities:

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



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Stakeholder tours of SABC facilities.

- Retaining full and effective control over the SABC and monitor management in implementing Board decisions, plans and strategies; and
- Approving transactions beyond the authority of management.

The President approved the appointment of the Board with effect from 16 October 2017 for a period of five years.

#### Delegation of Authority (DoA)

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

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

#### Directors Induction and Orientation

All new Directors are taken through an induction programme that is designed to enhance their understanding of the SABC's legislative framework, its governance processes and the nature and operations of its business.

#### Board Evaluation

The performance of the Board and individual Directors will be evaluated annually. The performance of Board Committees will be evaluated against their Terms of Reference (TOR). An evaluation measurement tool was procured during the last part of the period under review and Board and sub-committee evaluations will be conducted during the first quarter of the financial year. Performance Contracts were finalised with Executive and Senior Management. The Governance and Nomination Committee is responsible for the evaluation of Executive Management. Performance Contracting is being implemented throughout the SABC.

#### ATTENDANCE AT BOARD MEETINGS

Board meetings are scheduled annually in advance. Special meetings are convened as necessary to address specific issues. Directors or external committee members who, on an exceptional basis, cannot physically attend meetings may communicate electronically. The record of attendance of the sixteen (16) Board meetings during the reporting period is reflected below:

#### Board

Members	Total
Mr B Makhathini (Chairperson)	16
Ms M Mohlala-Mulaudzi (Deputy Chair)	15
Prof S Cooper	16
Mr DK Mohuba	15
Mr J Phalane	15
Mr M Markowitz	16
Ms M Papayya	16
Ms B Muthien <sup>1</sup>	2
Ms J Patel	16
Adv B Lekalakala	16
Mr D Maimela	16
Dr M Socikwa	13
Mr M Mxakwe	16
Ms Y van Biljon	16
Mr I Plaatjes	16

1. Resigned on 1 June 2020

#### BOARD COMMITTEES

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

#### Audit and Risk Committee

With regard to the legislative and governance requirements for the compulsory establishment of Audit Committees for State Owned Entities, the responsibilities of the Audit

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

The roles and responsibilities of the Committee include:

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





Staff engagements.

wide risk management policy, and plans for management of the significant risks activities;

- Reviewing the adequacy and quality of the risk management function and the effectiveness of risk reporting (including timeliness and risk events);
- Evaluating the risk of exposure to fraud, review policies, and procedures in place to minimise, or detect fraud, and make recommendations to the Board to enhance such policies and procedures; and
- Developing and refining the SABC's enterprise-wide appetite for risk, in conjunction with the full Board.

Refer to pages 84 to 87 for the report of the Audit and Risk Committee detailing how it carried out its functions.

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

Members	Total
Ms J Patel (Chairperson)	5
Adv M Lekalakala	5
Dr M Socikwa	4
Ms M Mudau	5
Mr M T Mxakwe	5
Ms Y van Bijljon	5
Mr I Plaatjes	5

### Digital Technology Committee

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

The Committee's formation has been motivated by the massive impact of digital technology on all of the SABC's

core services and how the successful implementation of strategies in this regard will impact on the sustainability of the Corporation in the future.

The roles and responsibilities of the Committee are as follows:

- Report to the Board on progress of all Digital Technology projects within the Corporation.
- Report to the Board on the extent to which the Corporation has achieved its objectives during the relevant period;
- Ensure that the Corporation employs technology, which enables it to fulfil both its commercial and public mandates in line with its statutory mandate;
- Ensure digital transformation in the SABC workplace so that SABC management and staff have access to innovative technology and an information systems platform that will enable the Corporation to deliver on its mandate and enable major business improvements such as enhancing audience experience, streamlining operations or creating new business models.
- Ensure that the technology employed by the Corporation is appropriate and able to support the strategic objectives of the Corporation;
- From time to time, receive and evaluate Management's analysis of the digital technology systems and relevant controls within the Corporation and advise the Board on their suitability to support the implementation of the planned strategy of the SABC;
- Recommend to the Board the approval of policies, which fall within its mandate;
- Identify, evaluate and report to the Board on any risks associated with the technology of the Corporation;
- Specifically consider the digital technology challenges posed by the evolving broadcasting needs for major national or international events and advise the Board on the necessary actions to be taken to ensure that the SABC is able to deliver on its broadcasting objectives.

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

Members	Total
Mr M Markowitz (Chairperson)	4
Mr J Phalane	4
Ms M Papayya	4
Mr D Maimela	3
Dr M Socikwa	4
Mr M T Mxakwe	4
Ms Y van Bijljon	4
Mr I Plaatjes	4

### Finance Investment and Procurement Committee

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

The roles and responsibilities of the Committee include:

The Committee shall be responsible to:

- Review the long-term and short-term funding plan, for submission to the Board;
- Monitor the current funding plan of the Corporation to enable it to fulfil both its commercial and public mandates in line with the corporate goals;

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- Review and recommend the annual capital and operating budget to the Board for approval;
- Monitor the financial performance of the Corporation against its budget on a quarterly basis;
- Consider and approve the Treasury Manual for approval by the Board;
- Recommend the limits applicable to counter-parties to the Board, and monitor and review all borrowings made by the Corporation, and the guarantees and sureties issued on behalf of the Corporation;
- Review funding and solvency implications of transactions and make recommendations to the Board;
- Review the capital investment process, monitor total Group capital expenditure;
- Review and approve any capital project, or the procurement of any capital or the commencement of any capital project item included in the approved budget of the SABC, above R100 million up to R200 million;
- Review and recommend to the Board the commencement of any capital project or the procurement of any capital item the cost of which exceeds R200 million;
- Review and approve new projects not included in the approved annual budget, as well as the funding thereof, the total costs of which shall not exceed R50 million;
- Review and recommend to the Board, an increase in estimated total costs of projects included in the approved budget, the increase in cost of which shall not exceed R20 million or 10% of the original cost;
- Review acquisitions and decisions made by EXCO in accordance with the authority granted to it by the Board through the Delegation of Authority Framework;
- Review and recommend to the Board, acquisitions and investments of the Group above R200 million;
- Review the performance of all investments and acquisitions made;
- Review and recommend to the Board the opening of new offices or new regional offices within the borders of the Republic of South Africa;
- Review and recommend to the Board for approval the opening of new offices or new regional offices outside the borders of the Republic of South Africa;
- Review and make recommendations to the Board regarding the SABC's investment strategy;
- Evaluate and make recommendations to the Board regarding business cases for new ventures or projects;
- Approve the criteria and guidelines for investments and approve investments within its delegated authority;
- Review and make recommendations to the Board regarding the selection and appointment of Banks within the Republic of South Africa and Internationally.
- Group Budget
  - Review the budgetary processes adopted by management for effectiveness, integrity and adherence to the objectives of the Board and the Public Finance Management Act No. 1 of 1999 (PFMA);
  - Ensure that the reporting and budget submission deadlines set by the SABC are complied with;
  - Perform regular reviews of the Corporation's financial performance against the budgeted financial performance and ensure that material deviations and measures to be taken to redress these deviations are reported by the Group Chief Executive Officer.



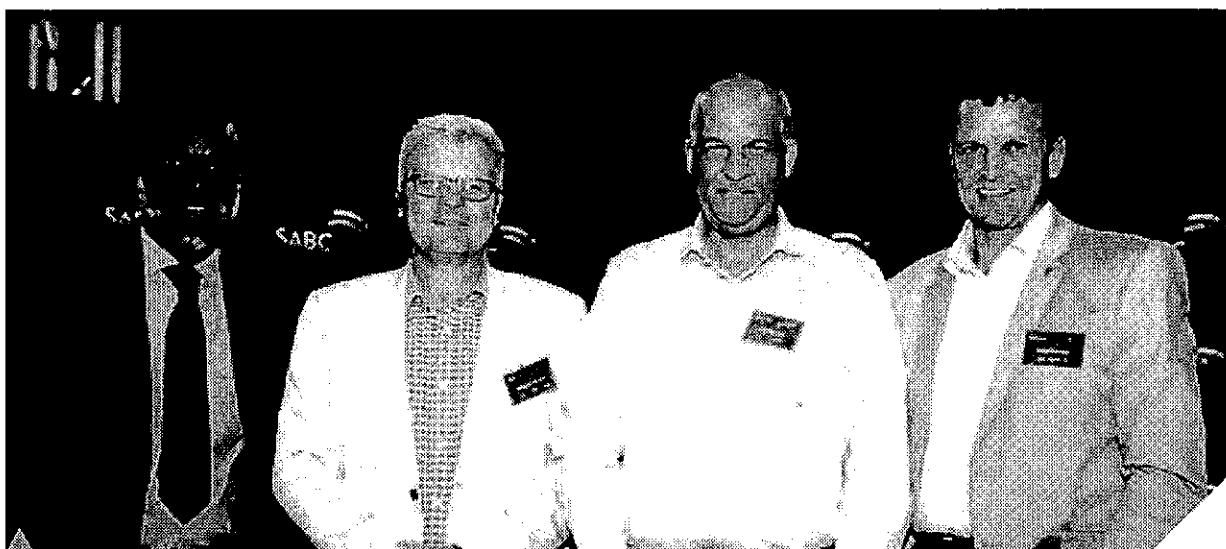
SABC Art tours.

- Bid Adjudication Committee
  - Review the BAC processes for effectiveness and integrity and ensure group-wide adherence thereto having regard to the principles of the Group's procurement policies;
  - Review the appropriateness of the BAC's processes to the needs of the individual entities within the Group having due regard to the operational dynamics of each entity and to implement such measures as are deemed necessary to ensure the functional effectiveness of these processes; and
  - Review the effectiveness of the BAC and implement such measures as are deemed necessary to ensure that this structure is functionally effective.
- Disposal/Write-Off of Assets and Bad Debts
  - Consider and approve the write-off resulting from the impairment of assets, up to an amount of R50 million, and recommend for approval by the Board of any amount over R50 million;
    - Review disposals made by EXCO in accordance with the authority granted to it by the Board;
  - Review and recommend to the Board for approval the writing off of assets above R50 million (at book value) to remove them from the asset register;
    - Review and recommend to the Board for approval the writing off of stock (at book value) above R50 million to remove them from the asset register;
    - Review and recommend to the Board for approval the sale of moveable assets at book value from R10 million to R16 million and for Board to recommend approval by the Shareholder for assets above R16 million;
    - Subject to the provisions of the PFMA, review and approve any sale or disposal of assets, the cost of which shall not exceed R50 million per item;
  - Review and recommend to the Board for approval the write-off of bad debt(s), above R50 million;
  - Review and recommend to the Board for approval the entering into any agreement for the lease/hire/rental of property, where the cumulative value and the term are above R50 million per annum/5 (five) years

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



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Leadership and stakeholder interactions at the CXO Series.

Members	Total
Mr J Phalane (Chairperson)	5
Mr M Markowitz	5
Mr B Makhathini	4
Ms B Muthien <sup>1</sup>	1
Mr M T Mxakwe	3
Ms Y van Biljon	3
Mr I Plaatzjes	1

1. Resigned 1 June 2020

### Governance and Nominations Committee

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

The roles and responsibilities of the Committee include:

• **NOMINATIONS**

• In carrying out its remit, the Committee shall have regard to requirements and recommendations contained in Legislation and other related guidance.

The Committee will:

Regularly review the size, structure and compositions of the Committees of the Board, with due regard to the legal requirements, skills and expertise required for effective performance of each Committee;

• Ensure that appropriate succession planning is in place for both Executive and Non-Executive Directors of the Board;

Evaluate succession-planning arrangements for Executive Directors of the Board to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;

• Annually review the key data indicators of listed successors for direct reports of the Group Chief Executive Officer to determine their status on the succession plan and readiness to assume a role as the need arises. Such data should include the performance evaluation outcomes and outputs of management conversations;

• Supervise the administration of the Corporation's policies relating to actual or potential conflicts of interest affecting Members of the Board;

• Be responsible for preparing a description of the role and capabilities required for particular appointments to

the Board and for identifying and nominating candidates for the approval of the Board for recommendation to the Minister of Communications and the President;

• Make recommendations to the Board for the continuation (or not) in service of any Director as an Executive or Non-Executive Director.

• **Recruitment of Executive Directors**

Prior to embarking on steps listed below, the Committee shall ensure compliance with the provisions of the SABC's Recruitment Policy;

• In terms of Clause 12.5 of the MoI, the Committee shall, on behalf of the Board:

• Identify, interview, assess and appoint Executive Search Companies to assist with the recruitment of the Executive Directors [Group Chief Executive Officer (GCEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO)];

• Identify, interview, assess and recommend candidates to the Board for the appointment as Executive Directors being the GCEO; COO or CFO of the Corporation giving full consideration to succession planning and the leadership needs of the Corporation;

• Recommend to the Board the shortlist of at least three preferred candidates, who are suitable to hold the contemplated position.

• In accordance with the MoI the appointment of the GCEO; COO or CFO (as the case may be) shall be made by the Non-Executive Directors and the Minister shall be informed accordingly.

• **Conditions of Employment and Benefits**

The Committee shall, on behalf of the Board approve conditions of employment and all benefits applicable to the GCEO; COO or CFO and the terms and conditions of the severance of employment of such individuals.

• **Remuneration**

• **Committee Members**

• The SABC will remunerate Members of the Committee according to the rates determined by the Minister of Communications.

Executive and Non-Executive Directors

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- The remuneration in respect of the following categories of employees will be considered by the Committee and recommended to the Board for approval;
- Subject to a mandate from the Board, determine and recommend to the Board the remuneration for the Executive Directors, on appointment, having regard to the remuneration policy;
- Subject to a mandate from the Board, the Committee shall make recommendations in respect of the fees and/or remuneration of the Non-Executive Directors to the Board from time to time, which Directors' fees and/or remuneration shall be subject to the approval of the Minister of Communications;
- The Committee will assist the Board in its oversight of:
  - the Remuneration Policy and its specific application to the Executive Directors;
  - the adoption of annual and longer-term incentive plans;
  - the annual evaluation of the performance of the GCEO, COO and CFO;
  - the determination of levels of reward to the Executive Directors.
- The Committee will recommend to the Board for its approval, appropriate Key Performance Indicators (KPIs) for the Executive Directors at the beginning of each Financial Year;
- The Committee will at the end of each Financial Year recommend to the Board for approval, the performance levels for the Executive Directors against the KPIs set at the beginning of the year.
- Remuneration Policy
  - The Committee will determine and agree with the Board the policy for the remuneration of the Executive Directors. No Director or Executive shall be involved in any decisions as to their own remuneration;
  - The Committee will advise the Board as to the Shareholder approvals required in respect of all elements of remuneration;

In determining remuneration packages and arrangements of the Executive Directors, the Committee will give due regard to any relevant legal requirements, the provisions and recommendations in the Labour Relations Act (as amended); Employment Equity Act (as amended); PFMA (as amended); King IV (as amended); Shareholder Compact and the Mol.

- In determining the policy, the Committee will take into account all factors, which it deems necessary;

The objective of the policy will be to:

- provide competitive rewards to attract, motivate and retain highly skilled executives;
- apply demanding KPIs including financial and non-financial measures of performance;
- link rewards to the creation of value to the shareholder; and
  - limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance;
- The Committee will review the ongoing appropriateness and relevance of the Remuneration Policy in relation to the Executive Directors;
- The Committee shall be provided with all the information it requires to make its determinations and recommendations.

Consideration shall be given both to external and internal sources of comparative information on remuneration;

- The Committee shall be provided with external market information to enable comparisons between the reward structures and levels applicable to Executive Directors of the Corporation and those applicable to their counterparts in organisations of a similar size and complexity in comparable business sectors;
- The Committee may seek independent legal or other professional advice at the Corporation's expense, to secure the attendance of external advisors at its meetings if it considers necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations;
- The Committee shall consult with the GCEO, CFO, COO and the GE: Human Resources;
- When appropriate, the Committee shall request and consider reports and presentations by the Audit and Risk Committee; or the Social and Ethics Committee;
- Information on the remuneration of Executive and Non-Executive Directors shall be disclosed in the Annual Report in accordance with statutory requirements and generally accepted codes of corporate governance.

• Governance

The Committee will:

- Develop, evaluate and review the corporate governance structures, policies, practices and procedures of the Corporation and ensure that such structures, policies, practices and procedures as the Committee deems to be in keeping with the tenets of good corporate governance are implemented;
- Review and evaluate regularly the balance of skills, knowledge and experience and performance and effectiveness of the Board and its Committees, make recommendations to the Board with regard to any adjustments that it considers appropriate, and approve the section in the Annual Report dealing with the performance of the Board;

Receive periodic reports on membership, and review Annual Reports on the effectiveness, of the Boards of subsidiaries within the Group;

- Establish and ensure implementation of an induction programme for new appointees to the Board;

Approve a performance and evaluation measurement framework to monitor the effectiveness of the Board, Board Committees, individual Directors, the GCEO, CFO and COO;

- Review and, where appropriate, make recommendations to the Board about actual or potential conflicts of interest affecting any Member of the Board, carry out an annual review of declarations of conflicts of interest by the Board, and approve a report to the Shareholder on how the Corporation's Policy on Conflicts of Interest has been applied during the year;

Prevent any Human Capital practices that will result in unauthorised, irregular, fruitless and wasteful expenditure and losses from criminal conduct and expenditure not complying with legislation;

- Ensure compliance with the relevant and applicable labour related legislation;

Facilitate the formulation and monitoring of the Corporation's transformation agenda, strategy and policies in line with guiding regulatory frameworks and related industry standards, the Corporation's mandate and approved strategies.

- The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide, with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee's responsibilities should remain flexible, to best react to changing conditions and to be in the best position to assure the Board and stakeholders of the Corporation that the Corporation's governance principles, policies, standards and practices optimally assist the Board and the Corporation's management to effectively and efficiently promote the best interests of the Corporation by appropriately balancing the interests of its stakeholders:

- the Board's relevant knowledge and proficiency to be effective in its role;

- the Board's independence from management and other stakeholders and its accountability to the Shareholder;

the Board's empowerment to make decisions and act independently of management and other Corporation stakeholders;

- the Board's diligence and attentiveness in applying governance best practices and responding to the requirements of the business;

- the Board's involvement in setting the Corporation's strategy and monitoring its execution;

the Board's oversight and monitoring of management, and planning for management succession;

the Board's focus on strategic critical success factors (the most critical issues and risks);

- the appropriateness and clarity of allocated roles and responsibilities between the Board and management;

- the adequacy and quality of access to valid information, employees, experts and witnesses, the Shareholder, and other stakeholders, in a timely manner;

the structure of the Board and the definition of its committees;

the effectiveness of the Board's structure and business processes;

- the ongoing evaluation of the appropriateness of each of the Committees' Terms of Reference;

- the performance of the Committees relative to their ToR;

- the Board's performance;

- the annual assessment of the Committee's performance by the Board and any self-assessments;

- the improvements based on findings from all Board and Committee performance assessments; and

- new or special Committees of the Board that may be necessary to properly address ethical, legal and/or other matters that may arise.

#### • Strategy Oversight

The Committee will:

- Ensure that there is rigorous probing of strategic plans and investment proposals, by asking 'what if' and 'why not'

questions, and by challenging the assumptions underlying strategy;

- Ensure that a proper strategic planning process is implemented;

In conjunction with the Board set the parameters within which Management develops strategy, which may include ensuring that short-term and longer-term strategies are balanced and that it provides a platform for sustainability;

- Ensure that the strategies are aligned with the purpose of the business, the prevailing culture and ethics and the interests of the SABC's stakeholders; and

Institute regular and formal Board strategy reviews or strategy audits and examine progress towards the predetermined objectives and evaluate current performance in the light of these predetermined objectives.

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

Members	Total
Mr B Makhathini (Chairperson)	6
Ms M Mohlala-Mulaudzi	6
Adv Lekalakala	6
Prof S Cooper	6
Ms M Papayya	6
Dr M Socikwa <sup>1</sup>	1
Ms J Patel <sup>2</sup>	1

1. By special invitation

2. By special invitation

#### Human Resources and Remuneration Committee

The Committee comprised four independent Non-Executive Directors and was chaired by an independent Non-Executive Director.

The roles and responsibilities of the Committee include:

The Committee will:

- Ensure that the structure, size, composition, skill sets and performance of the Corporation is regularly reviewed and maintained at levels which are appropriate;

- Ensure that appropriate succession planning is in place for the Group Executives;

- Monitor the extent to which Human Resources practices and conditions of employment are being adhered to; and

- Evaluate succession-planning arrangements for Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience.

- Conditions of Employment and Benefits

- The Committee shall, on behalf of the Board:

Approve conditions of employment and all benefits applicable to the Group Executives and Employees of the Corporation; and the terms and conditions of the severance of employment of such individuals;

- Approve the general material terms and conditions of employment to be applied for all employees of the Group.

#### • REMUNERATION

- The SABC will remunerate Members of the Committee according to rates determined by the Minister of Communications.

- The remuneration in respect of the following categories of employees will be considered by the Committee:



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Behind the scenes during Employee Engagement vlog recordings by staff and leadership.

- Review the specific application of the Remuneration Policy with regard to Group Executives and make a recommendation to the Board for approval;
  - The remuneration of the General Managers and Heads of Business Units will be determined by the Group Chief Executive Officer, within the ranges laid down by the Committee and recommended to the Committee for approval;
- The Committee will assist the Board in its oversight of: -
  - the Remuneration Policy and its specific application to the Group Executives and its general application to all Group employees;
  - the review of the remuneration philosophy and strategy of the Group;
  - the adoption of annual and short-term incentive plans;
  - the determination and approval of levels of reward to the Group Executives;
  - the Group's compliance with applicable legal and regulatory requirements associated with remuneration matters;
  - the preparation of the Remuneration Report to be included in the Group's annual report; and
  - the communication to the Minister of Communications on the Remuneration Policy and the Committee's work on behalf of the Board.
- Management information:
  - The Committee shall be provided with all the information it requires to make its determinations and recommendations. Consideration shall be given both to external and internal sources of comparative information on remuneration;
  - The Committee shall be provided with external market information to enable comparisons between the reward structures and levels applicable to Executives of the Corporation and those applicable to their counterparts in organisations of a similar size and complexity in comparable business sectors.
- Remuneration Policy
  - The Committee will determine and agree with the Board the policy for the remuneration of the Group Executives;
    - In determining remuneration packages and arrangements, the Committee will give due regard to any relevant legal requirements, the provisions and recommendations in the Labour Relations Act (as amended); Employment Equity Act (as amended); Public Finance Management Act (as amended); the Shareholder Compact and the Mol.
    - In determining the policy, the Committee will take into account all factors, which it deems necessary;
    - The objective of the policy will be to:
      - provide competitive rewards to attract motivate and retain highly skilled employees;
      - apply demanding key performance indicators (KPIs) including financial and non-financial measures of performance;
      - link rewards to the creation of value to the Shareholder;
      - ensure remuneration arrangements are equitable and facilitate the deployment of human resources around the Group;
      - limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance;
    - The Committee will review the ongoing appropriateness and relevance of the Remuneration Policy;
    - The Committee will review and note annually the remuneration trends across the Group and in particular, compare the trends in base pay for senior management to that of all Group employees; and
    - The Committee will oversee any major changes in employee benefit structures throughout the Group.
  - Retirement Benefits
    - Recommend to the Board the approval of general retirement policies of the Group and any changes in such policies or to the rules of the retirement funds.
  - Human Resources Policies
    - Consider and recommend to the Board the Human Resources Policies and review the prevailing industrial relations policies and the Corporation's strategies in respect thereof in order to ensure that the appropriate policies are applied.



Radio 2000 youth day activations.

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

Members	Total
Adv M Lekalakala (Chairperson)	7
Mr DK Mohuba	6
Ms J Patel	7
Mr D Maimela	7
Mr M T Mxakwe	7
Ms Y van Bijlon	7
Mr I Plaatjes	7

**Public Broadcasting Services Committee**

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

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

- Be made available to South Africans in all the official languages;
- Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
- Strive to be of high quality in all of the languages served;
- Provide significant news and public affairs programming, which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;
- Include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, science, early childhood development, agriculture, culture, technology, religion, justice and commerce and contributing to a shared South African consciousness and identity;

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

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

Members	Total
Prof S Cooper (Chairperson PBS)	4
Ms M Mohlala-Mulaudzi	4
Ms M Papayya	4
Mr M Markowitz	4
Mr DK Mohuba	4
Ms B Muthien <sup>1</sup>	1
Mr D Maimela	4
Mr M T Mxakwe	4
Ms Y van Bijlon	4
Mr I Plaatjes	4

1. Resigned on 1 June 2020

**Public Commercial Services Committee**

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

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

- be subject to the same policy and regulatory structures as outlined in the Act for commercial broadcasting services;
- comply with the values of public broadcasting service in the provision of programmes and service;
- commission a significant amount of their programming from the independent sector;
- subsidise the public services to the extent recommended by the Board and approved by the Minister; and
- be operated in an efficient manner to maximise the revenues provided to its shareholder.
- Report to the Board on the extent to which the commercial service division has achieved its objectives during the relevant period;
- Ensure that the public broadcasting services provided by the Corporation, comply with the provisions of Section 11 of the Broadcasting Act, in that they:
  - Are operated in an efficient manner so as to maximise the revenue provided to its shareholder;
  - Subsidise the public broadcasting services to the extent recommended by the Board and approved by the Minister of Communications;

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Account separately from the public broadcasting division and keep proper and accurate books and records of the financial affairs of the commercial service division as required by the Broadcasting Act;

- Prepare audited annual financial statements in respect of the commercial service division, separately from those of the public broadcasting services, in accordance with international financial reporting standards;
- Commission a significant amount of programming from the independent production sector to, inter alia, encourage development of the local industry;
- Comply with the overall values of a public broadcasting service in the provision of programmes and service, and comply with the values set out in Section 10(1) of the Broadcasting Act, notwithstanding the fact that the PCS division exists as a commercial division of the Corporation.
- Identify key performance indicators and effectively monitor the PCS division's implementation of these agreed indicators;
- Consider and recommend to the Board the approval of any transaction (business plan; work plan or policies) which falls within its authority and which has been submitted to it for consideration by the Group Executive Committee (EXCO);
- Ensure that all transactions recommended by it to the Board for approval are in line with the corporate goals, that they fulfil the Broadcasting Act objectives to maximise revenue and increase shareholder value, that they comply with the values of a public broadcasting service and have been budgeted for;
- Consider and approve any transaction (business plan; work plan, sports programming and production rights), which falls within its authority, above R100 million to R200 million, and which has been submitted to it for consideration by the EXCO;
- Convey to the Board immediately any concern or issue of significance which in the view of the committee may impact negatively on the broadcast operations of the public commercial services and provide guidance to the Board on the most appropriate manner in which to resolve the matter;
- Consider the impact of all transactions presented to it on the financial viability of the Corporation, including but not limited to whether the transaction has been provided for in the budget;
- Request the Executives to provide any information if the Committee believes that such information will assist it in making a judicious decision on behalf of the Corporation;
- Recommend to the Board the approval of the PCS scheduling and programming strategy;
- Review the ICASA reports, in conjunction with FIPCOM (Finance, Investment and Procurement Committee) and make necessary recommendations to the Board; and
- Advise the FIPCOM (Finance, Investment and Procurement Committee) on purchasing decisions which relate to PCS in accordance with the Delegation of Authority Framework (DAF).

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



SABC News teams on the frontline, reporting from local hospitals.

Members	Total
Ms M Mohlala-Mulaudzi (Chairperson PCS)	4
Prof S Cooper	4
Mr DK Mohuba	4
Mr M Markowitz	4
Ms M Papayya	4
Ms B Muthien <sup>9</sup>	1
Mr D Maimela	4
Mr M T Mxakwe	4
Ms Y van Bijon	4
Mr I Plaatjes	4

1. Resigned on 1 June 2020

#### News and Editorial Committee

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

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

The duties and responsibilities of the Committee are:

- Report to the Board on the extent to which the News Division has achieved its objectives during the relevant period;
- Oversee a consultative process to develop policies for consideration by the Board on news and current affairs, programming, which aim to ensure that the news and current affairs programming, presented in all official languages, promotes the values of democracy, non-racialism, nation building, and empowerment, for approval by the Board.
- Assist the Board to guide the editorial direction of the Corporation and to set editorial policies in line with the corporate goals.



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Complying with COVID-19 protocols.

- Assist the Board to preserve the Corporation's editorial independence and integrity and ensure that the Corporation does not allow advertising, commercial, political or personal considerations to influence its editorial decisions.
- Oversee the review of editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the Corporation and the fulfilment of the statutory and regulatory obligations and mandates of the Corporation.
- Acquaint itself with its role as set out in all the Corporation's relevant governance instruments and provide clear direction to the Board and the News Division.
- Identify key performance indicators and effectively monitor management's implementation of these agreed indicators.
- Consider and recommend to the Board the approval of any matter (e.g., work plan or policies) which falls within its authority and which has been submitted to it for consideration by the Group Executive committee.
- Ensure that all transactions recommended by it to the Board for approval are in line with the corporate goals, that they fulfil the public broadcasting mandate set out in §10 of the Broadcasting Act and comply with the values of a public broadcasting service.
- Convey to the Board immediately any concern or issue of significance, which in the view of the committee may impact negatively on the operations of the public broadcasting service and provide guidance to the Board on how it must be dealt with

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

Members	Total
Ms M Papayya (Chairperson)	4
Mr DK Mohuba	4
Mr M Markowitz	4
Dr M Socikwa	4
Mr M T Mxakwe	4
Ms Y van Biljon	4
Mr I Plaatjes	4

### Social and Ethics Committee

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

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

- The Social and Economic Development goals of the Corporation, including the Corporation's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles are an integral part of the business strategy, day-to-day operations, and organisational culture;
- The United Nations Global Compact Principles are incorporated in the decision-making processes of the Board;
- The Corporation advances the United Nations Global Compact Principles and the case for responsible business practices through advocacy and outreach to peers, partners, clients, consumers, and the public at large;
- Reviewing and making recommendations to the Board with respect to the Corporation's Social Economic Development;
- Monitoring Social Economic Development Initiatives;
- The Committee has the mandate to assist the Board in discharging its responsibility to ensure that Broad-Based Black Economic Empowerment (B-BBEE) is pursued and implemented throughout the SABC;
- The Committee shall review the Corporation's standing in terms of the goals and purposes of the promotion of equality and the prevention of unfair discrimination;
- The Committee will review the SABC's standing in terms of its support of the four strategic objectives in respect of the International Labour Organization Protocol on decent work and working conditions;
- Monitoring the SABC's employment relationships, and its contribution toward the educational development of its employees;



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- Reviewing recommendations on ethical matters made by Management or other external sources and to make recommendations to the Board whether, and if so, to what extent, these should be applied to the SABC;
- In conjunction with the Audit and Risk Committee, the Committee oversees and reviews the anti-corruption and bribery practices;
- Reviewing the policies and processes for managing non-financial risks affecting the business, including relationships with stakeholders (principally colleagues, partners, customers, local communities, non-governmental organisations, regulators, shareholders and suppliers), and the impact of the SABC's activities on its general business reputation;
- The Committee shall promote environmental policies that relate to the activities where the SABC has its most significant environmental impacts in respect of energy management and climate change, water quality, resource productivity (including leakage and waste); and
- In conjunction with the Audit and Risk Committee review and make recommendations to the Board with respect to the SABC's Health and Safety Policies and review the procedure for reporting and investigating accidents, incidents and accidents at work.
- Four Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at these meetings is reflected on the following page:

Members	Total
Ms M Mohlala-Mulaudzi (Chairperson)	4
Prof S Cooper	4
Mr J Phalane	4
Ms B Muthien <sup>1</sup>	1
Mr M Mxakwe	4
Ms Y van Biljon	4
Mr I Plaatjes	4

1. Resigned on 1 June 2020

## DIRECTORS' REMUNERATION

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

Further information on Directors' remuneration appears on pages 146 to 147.

## COMPANY SECRETARIAL FUNCTION

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

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

## REPORTING TO STAKEHOLDERS

In order to present a balanced and understandable assessment of its position, the SABC continuously strives to ensure that reporting and disclosure to stakeholders are

relevant, clear and effective. It places great emphasis on addressing both positive and negative aspects in order to demonstrate the long-term sustainability of the organisation. The King IV™, Report is used in compiling the annual report.

## STAKEHOLDER RELATIONS

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

## RISK MANAGEMENT

The SABC continued in its efforts to strengthen its governance practices, risk management and internal controls. The year under review culminated with a revised Enterprise Risk Management Policy, Framework and Strategy. These documents which are aligned to the ISO 31000 Risk Management Standard, are to set out the overall philosophy, principles, requirements and responsibilities for a sound approach to risk management within the SABC.

In addition, the SABC's COVID-19 Risk Management Strategy was reviewed. This strategy seeks to provide guidelines in the detection, prevention and mitigation of the COVID-19 risk and more importantly, to ensure business continuity. The focus for the scope of this strategy was around the business of the SABC and its operations across all provincial offices.

This reporting period highlighted the importance of embedding risk management into the daily operations of the corporation. Risk management ought to always be an agenda item in management meetings and decisions taken in such meetings ought to be factoring in risk. During the year under review, 87% of divisional risk assessments were conducted and an enterprise wide risk education was also conducted.

## INTERNAL CONTROL

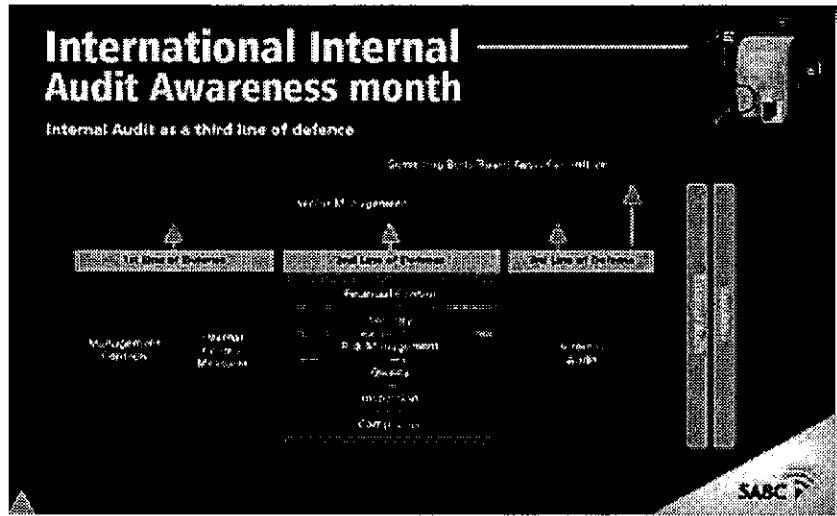
The implementation of Internal Controls Project continued during the 2020/2021 financial year. Internal Control is a process, effected by an entity's board of directors, management, and key role players, to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. An effective Internal Control environment is fundamental in ensuring that an organisation can reliably achieve objectives while addressing uncertainty and acting with integrity.

Implementation of Internal Controls is mainly focused on high-risk areas such as Supply Chain Management, Human Resource and Finance. Internal controls form a critical part of the SABC's continued growth, performance, and success. Without an effective internal controls system in place, the SABC may face the risk of legal retribution such as faulty financial reporting, fraudulent practices, and much more.

Furthermore, Section 189 brought a challenge in the implementation of the Internal Controls project. The Internal Controls Steering Committee resolved to put the project on hold while the organisation was undergoing the process of Section 189.

# Group Internal

AUDIT  
AUDIT  
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AUDIT



Group Internal Audit awareness campaign.

This report highlights the outcomes of Group Internal Audit (GIA) activities for the year under review and demonstrates GIA's efforts in assisting the SABC Board and Management in identifying and addressing significant risks as well as driving efficiencies while providing ongoing assurance to the SABC in general and other stakeholders.

The reporting period was characterised by long turnaround times in receiving information requested, delays in securing the required engagements and obtaining management responses to the findings raised. Section 189 further had a negative impact on staff morale, client commitments and commitment to the delivery of the objectives of GIA.

At the beginning of the reporting period, the devastation caused by COVID-19 pandemic necessitated the SABC to invoke crisis management arrangements in order to respond to the social and economic priorities of the organisation as well as to ensure uninterrupted broadcasting services. Consequently, the threat landscape significantly changed for the SABC and forced large numbers of employees to work from home, a reality not which had not been anticipated. Owing to the negative impact on SABC operations, there was a need to reconsider planned audits and how they would be conducted, without compromising the quality of the outcome and still be able to deliver in line with our mandate.

Included in this report is the audit annual plan for the reporting period, audits completed during the year and those in progress at year end, explanations for any deviations from the plan and other pertinent disclosures. There is a firm belief that GIA has contributed significantly to the efficient and effective operations of the SABC by making positive contributions through providing assurance on risk management efforts, control systems, and governance processes.

The Board, through management, is responsible for the establishment of system of internal control and must set in place policies and procedures to ensure that internal controls are strong and functioning appropriately, to effectively respond and mitigate risks to the delivery of objectives across the SABC. GIA acts as an assurance function providing an independent and objective opinion on the SABC's control environment by evaluating its effectiveness in achieving objectives. The Board and management's progress on the remediation of outstanding audit issues is reasonable and there are no instances in which GIA believes the Board and management has accepted unreasonable levels of risks.

To ensure compliance with the Prevention and Combating of Corrupt Activities act (PRECCA), the SABC has adopted a zero tolerance attitude towards fraud and as such, established a policy and processes to report suspected dishonest or fraudulent activities with the aim of identifying and investigating the suspected cases of defalcations, misappropriations, and other financial and compliance irregularities and assigned responsibilities to GIA (forensic division) employees to handle these cases under the supervision of the Chief Audit Executive (CAE) with the oversight of the Audit and Risk Committee (ARC).

The main restriction for forensic audit is that it is not mandatory; hence this proactive approach of implementing processes to report suspected cases for investigations is essential. Consequently, majority of the cases reported emanate from the established whistle blowing hotline making this process the most valuable method for reporting.

### ESTABLISHMENT AND MANDATE OF GIA

Establishment and mandate of the GIA are outlined in the PFMA section 50(1) (a) (ii) and the GIA complies with section 76 and 77 of the Act. During the FY GIA operated in line with the reviewed Internal Audit Charter, duly approved by ARC, to perform its functions while maintaining its accountability, authority and independence.

In compliance with the PFMA and the King IV requirements, the internal audit department provides the Audit and Risk, Social and Ethics Committees and management with assurance that internal controls are adequate and effective. GIA carried out its activities following the risk based internal audit plan for the year ending 31 March 2021 after taking careful consideration of the emerging risk of the COVID-19 pandemic in finalising the plan.

### MONITORING OF GIA ACTIVITIES

Ongoing assessment of the GIA activities is upheld through daily supervision and review; audit exit meetings; annual employee performance evaluations; monitoring of performance measures; and meetings with the Executives, Management, and the quarterly meetings with the Board of SABC's Audit and Risk (ARC) and Social and Ethics (SEC) Committee wherein progress reports are tabled. Monitoring of other performance measures include, amongst others:

- Timely completion of internal and forensic audits and ad-hoc requests,
- Meeting the requirements of staff development and Continuous Professional Development,

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- Effective utilisation of GIA resources,
- Percentage of audit recommendations implemented by management, and
- Maintaining of expenses below approved budget.

**HIGHLIGHTS OF PERFORMANCE FOR THE YEAR**

Despite this being a challenging year, GIA is delighted to report the following highlights;

- Achievement against Annual Plan; Cumulative annual achievement of 87% was achieved against the Annual Internal Audit Plan for the 2020-21 financial year.
- Monitoring implementation of action plans relating to GIA findings; GIA successfully managed to implement an SAP Audit Management System to manage the management action plans which seek to address Internal Audit findings. Through this system division received monthly reports on the status of the internal audit findings and allowing the upload of the necessary evidence, for verification by GIA. Through this effective monitoring, by the end of the year all divisions had managed to record a commendable progress on implementation status.
- Internal Audit Awareness Programs; GIA successfully rolled out awareness programs during May, the International Internal Audit awareness month. These programs in the form email signatures, articles and content shared via internal communication were meant to raise awareness and promote internal audit work to our audit clients and executive management.
- Participation in Group Exco; advised against approving business plans that did not meet the requirements of the PFMA and prevented irregular expenditure being incurred due to the scrutiny of the procurement of goods/services where procurement process was not followed.
- Forensic Investigations; Forensic division achieved 60% (24 full investigation reports issued) against the set performance target of 40 full investigation reports. As at 31 March 2021, there were only 31 cases open in the register and this number is very low compared to the prior years. This is a good indication of the improvement in the internal control environment. For the year under review, the division closed off 37 matters and referred 8 matters back to management for their action. GIA continued to monitor the implementation of the recommendations of the forensic investigation reports and make continuous follow up with employee relations.

**GIA ANNUAL PERFORMANCE**

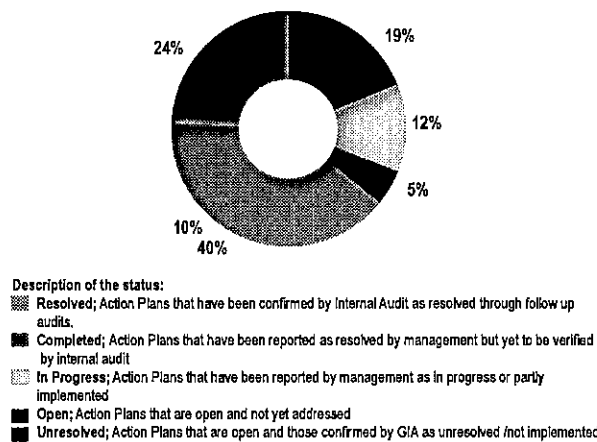
GIA is pleased to report the following performance against the annual plan approved by the ARC:

Performance Against the Plan	Annual
Number of planned audit projects	34
Outstanding project	7
Number unplanned projects requested by management	8
<b>Total Audit Projects</b>	<b>49</b>
<b>Status of the audit projects</b>	
Projects deferred	3
Work in progress: Fieldwork	4
Finalising: Reporting	1
Completed	12
Project of previous quarter completed in current quarter	22
Completed ad-hoc requests	7
<b>Total Audit Projects</b>	<b>49</b>
Percentage of executions on planned Projects	87%
Overall Percentage of executions	84%

**IMPLEMENTATION OF GIA RECOMMENDATIONS (MONITORING)**

The appropriate and timely implementation of audit recommendations agreed by management is an important part of realising the full benefit of internal audit and improving the internal control environment. GIA provided adequate visibility and assurance to management regarding the status of recommendations, with appropriate involvement by the audit and risk committee and this process ensured the appropriate implementation of recommendations to address the control deficiencies identified by the auditors. Follow ups proved to be a good way to persuade management on implementation of GIA recommendations since they demonstrated GIA's seriousness regarding the implementation of the recommendations. The graph below shows that approximately 36% of recommendations were implemented which a significant improvement compared to prior years.

**GRAPH: GIA Implementation**



With the responsibility of reporting senior management on the function of the internal control systems and recommend improvement where applicable, GIA's monitoring process contributed immense value to the changing environment. Non implementation of such recommendations may result in an increased risk of fraud and corruption due to weak internal control system, unable to prevent risk. Furthermore, the risk of non-implementation of GIA recommendations is that management will present inaccurate financial information of the SABC, while there is a high likelihood for material misstatements to go undetected. All these risks were to a greater extent avoided or minimised by management committing to the implementation of the recommendations.

**ASSESSMENT OF THE INTERNAL CONTROL ENVIRONMENT (OVERALL)**

The approved Group Internal Audit Annual Plan and scope of work for the period under review focused on high and medium risk areas within the SABC Head Office in Auckland Park as well as the SABC Provincial Offices. In addition to the evaluation of the existing operations, internal audit reviews were also focused on implementation of new processes, with the aim of providing reasonable assurance regarding the SABC's readiness to deliver on its objectives.

The response of the SABC to the COVID-19 pandemic should be applauded as business interruptions as a result of the pandemic, were adequately minimised and SABC employees were largely able to continue carrying out



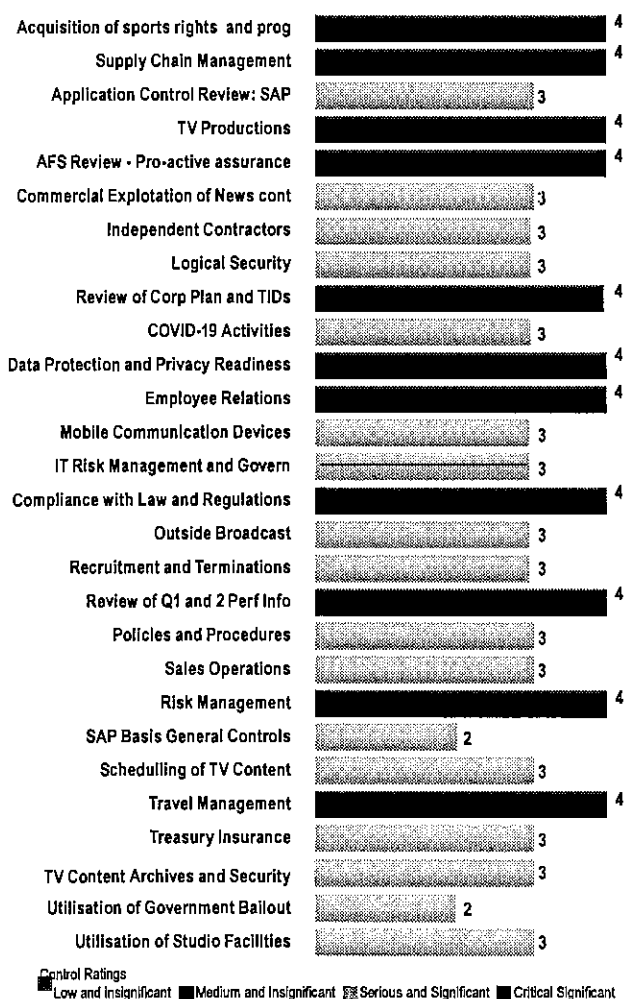
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their responsibilities, diligently. Some of the interventions implemented included permitting some staff members to work remotely, providing regular communication and directives, as well as the necessary tools of trade for employees to be able to work remotely. However, as a result of the section 189 processes, staff morale was generally low in the whole organisation. Both these events had a negative impact on the progress of enhancing internal controls as some of the employees responsible for implementing or overseeing internal controls and risk management were also affected.

Progress towards the envisaged improved internal control environment was sluggish, taking into consideration the total number of 198 (185 significant and 11 less significant) findings recorded in the current financial year (2020-21) to the 157 (148 significant and 8 less significant) findings recorded in the 2019/20 financial year. The chart below illustrates the overall control rating per control area based on the comprehensive and follow-up audits conducted during the reporting period:

Based on the control deficiencies observed during the execution of the 2020/21 Internal Audit Plan, Internal Audit is of the opinion that deficiencies identified are pervasive in nature and therefore the system of internal control does not provide reasonable assurance over the achievement of objectives, reliability and integrity of financial and operational information; effectiveness and efficiency of operations; safeguarding of assets; and compliance with laws, regulations and contracts.

GRAPH: Control Ratings



There has however been some improvement in other areas such as updating of outdated policies and procedures. Several policies and procedures were revised and updated during the period under review, and some are still in the process of being updated. A significant improvement was noted in the number of internal audit recommendations that have been resolved by management and also a reduction in a number of open findings as well as those which are in-progress. Overall, there is an improvement in the effort of addressing GIA findings taking into consideration that new findings were also being raised during the course of the year.

COMPLIANCE WITH LAWS AND REGULATIONS

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

Public Finance Management Act (PFMA)

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

Economic, efficient, effective and transparent systems of financial and risk management and internal controls are in place;

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

In terms of Section 28.3.1 of the Treasury Regulations to the Public Finance Management Act No.1 of 1999 (PFMA), the SABC's Accounting Authority is required to develop and agree on a framework of acceptable levels of materiality and significance in consultation with the relevant executive authority as stipulated in sections 54(2) and (55) of the PFMA.

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

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

This framework will be reviewed and updated annually.

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

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Requirement	Material/Significant
<b>Section 50(f)</b> The accounting authority for a public entity must – (c) On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority.	The SABC submits quarterly reports to the Executive Authority, which includes all relevant information, which may influence the decisions or actions of the Executive Authority. These reports cover all information that is considered relevant to the Executive Authority.
<b>Section 54(2)</b> Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction. (a) Establishment or participation in the establishment of a company; (b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) Acquisition or disposal of a significant shareholding in a company; (d) Acquisition or disposal of a significant asset; (e) Commencement or cessation of significant business activity; and (f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	The SABC will inform the National Treasury of individual transactions covered by this section which are more than R50 million.

### KING IV™ Report

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

#### Applying the King IV™ principles and practices:

Principle	Section	Explanation	Status
1	Leadership	The accounting authority should lead to ethically and effectively. <b>Recommended Practice</b> Characteristics of effective and ethical leadership include integrity, competence, responsibility, accountability, fairness, and transparency.	Applied
2	Organisational Ethics	The accounting authority should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. <b>Recommended Practice</b> The social and ethics committee provides direction on ethics through an ethics management approach which works systemically to instil a culture of ethics throughout the business operations	Applied Code of Business Conduct and Ethics Policy in place.
3	Responsible corporate citizen	The accounting authority should ensure that the organisation is and is seen to be a responsible corporate citizen. <b>Recommended Practice</b> Practice public service mandates	Applied
4	Strategy and organisational performance	The accounting authority should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. <b>Recommended Practice</b> The board approves the strategy after considering the factors that affect its delivery. The board oversees and monitors the execution of the strategy by management, ensuring that the company delivers on its strategic objectives. The board holds an annual strategy review session with management to interrogate the suitability of the strategy and guides the way forward.	Applied As determined by the Corporate Plan.
5	Reporting	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects. <b>Recommended Practice</b> Reports should communicate meaningfully with its stakeholders and informing them about the organisation's performance.	Applied Consideration is being given to the preparation of the integrated report.
6	Role and responsibilities of the governing body	The accounting authority should serve as the focal point and custodian of corporate governance in the organisation. <b>Recommended Practice</b> The leadership of any governing body is expressed by: <ul style="list-style-type: none"> <li>• Steering the organisation and setting its strategic direction;</li> <li>• Approve policies and planning that give effect to the direction given;</li> <li>• overseeing and monitoring of implementation and execution by management; and</li> <li>• Ensuring accountability of organisational performance utilising, among others, reporting and disclosure</li> </ul>	Applied Board committed by setting an unequivocal tone from the top that requires all directors and employees to embrace transparency and accountability in the performance of their duties.



Principle	Section	Explanation	Status
7	Composition of the governing body	The accounting authority should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively. <b>Recommended Practice</b> The accounting authority and executive authority should be transparent in the processes followed for the nomination, election, and appointment of governing body members.	Applied The board has a mix of diverse skills, knowledge, and experience to objectively discharge their governance responsibilities.
8	Structure Committees	The accounting authority should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties. <b>Recommended Practice</b> To ensure that there is no duplication of roles and responsibilities in structure committees.	Applied The board constitutes of different committees that attend and report on each committee's duties.
9	Performance Evaluation	The accounting authority should ensure that the evaluation of its performance and that of its committees, its chair, and its members, support continued improvement in its performance and effectiveness. <b>Recommended Practice</b> Appoint a lead independent director if there is no one to lead the evaluation of the Board and its committees.	Applied The performance evaluation was done just for the Board only by an external party. The process was led by one Non-Executive Director. Going forward the performance evaluation will be done for the Board, Committees, and individuals.
10	Appointment and delegation of management	The accounting authority should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities. <b>Recommended Practice</b> To facilitate structured decision-making processes at all levels and promote efficiency and effectiveness of governance in the organisation.	Applied Delegation of Authority Framework (DAF) is in place.
11	Risk governance	The accounting authority should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. <b>Recommended Practice</b> Oversee the risk management including assessment of risks, threats, and opportunities.	Applied ERM Policy and ERM Framework in place.
12	IT governance	The accounting authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. <b>Recommended Practice</b> Oversee effective, efficient, and secure management of technology, networks, and information throughout the organisation.	Applied IT Governance Framework in place but outdated.
13	Compliance governance	The accounting authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. <b>Recommended Practice</b> Oversee compliance management so that it is understood and is responsive to changes and developments following continuous monitoring of the regulatory environment and encourages a compliance culture throughout the organisation.	Applied Compliance Policy is in place. Compliance Charter in Place. Policy Management Framework in place. Conflict of Interest Policy in place.
14	Remuneration	The accounting authority should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. <b>Recommended Practice</b> The remuneration policy in such a way to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture.	Applied Remuneration Policy is in place
15	Combined Assurance Model	The accounting authority should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external report. <b>Recommended Practice</b> Ensure a combined assurance model is applied that covers the significant risks and material matters through a combination of the organisation's assurance providers - risk, governance and internal controls and compliance functions and internal audit function.	Not applied Combined Assurance Model is being drafted.
16	Stakeholders	In the execution of its governance roles and responsibilities, the accounting authority should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time. <b>Recommended Practice</b> Oversee the management of stakeholder relationships including methodology for identification, material stakeholders, management of stakeholder risk, formal mechanisms for engagement and communication, and measurement of quality of stakeholder engagement.	Not applied Stakeholder Engagement Policy is being drafted.



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## FRAUD AND CORRUPTION

### Forensic Investigations

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

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

## CODE OF CONDUCT

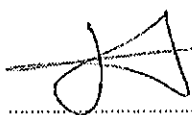
The Corporation has a Code of Business Conduct and Ethics in place, which aims to ensure that every employee of the Corporation shares the same values and levels of accountability.

## MINIMISING CONFLICT

A revised Conflicts of Interest Policy was approved by the Board on 30 April 2020 for immediate implementation. Board members are required to declare their interests before the commencement of each meeting and on annual basis and as and when there is a change in their status of interests.

## REPORT BY THE COMPANY SECRETARY

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act No. 71 of 2008, for the year ended 31 March 2020, the South African Broadcasting Corporation SOC Limited, has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.



**Ms Lindiwe Bayi**  
Company Secretary

## Health, Safety and

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## Issues

**The SABC continues to play a proactive role in ensuring a safe working environment. This is done in line with the commitment to comply with all the applicable Health and Safety legislations aimed at reducing environmental impact as well as protecting the health and safety of employees, suppliers and visitors.**

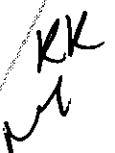
In order to ensure that health and safety functions are executed efficiently, the SABC periodically performs a 360 degrees check on its health and safety performance by conducting OHS legal compliance checks in its provincial offices. The Corporation also seeks the services of independent safety auditors to measure performance in its Auckland Park offices. So far, 50% of the shortcomings that were identified in the last audit exercise in Auckland Park were successfully addressed. The remaining ones are those that, due to their nature, cannot be completed over a short period, such as the lifts replacement project.

The number of injury on duty (IOD) and workplace incidents reflect the effectiveness of the occupational health and safety measures in the workplace. All injuries on duty are investigated to determine the cause and device means for future avoidance. The number of incidents reported to the Department of labour influences the amount paid annually to the Compensation Fund, the lesser claims we have means the lesser amount is paid. A total reduction of 44% of IODs was recorded for the period under review compared to the preceding financial year.

The change due to COVID-19 pandemic and the subsequent financial, moral and legal requirements to protect the well-being of the employees tested the strength of the organisation's OHS performance. The Corporation displayed resilience in its response to those requirements. A COVID-19 Safety Policy was developed and submitted to the Department of Employment and Labour within 21 days of the issuing of the directives. The COVID-19 Risk Assessments were developed, approved and submitted to the department and the return-to-work plans were also developed to ensure that employees who are performing essential services are sufficiently protected. The SABC Safety Management Department which formed an integral part of the Crisis Management Team played a critical role in guiding the organisation towards the right direction in terms of complying with the lifany of directives. The SABC also ensured that its essential workers receive the necessary personal protective equipment and hygiene products aimed at keeping them safe and healthy.

The SABC Board demonstrated support of workplace safety by approving the policies that are aimed at protecting the well-being of the employees. During the period under review, the policies approved include, The Occupational Health and Safety Policy (review), Construction Safety Policy and the Covid-19 Safety Policy.

The OHS Department has been given approval to recruit three more officers to strengthen the capacity of the department.



Social

RESPONSIBILITY  
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A glimpse of some of the SABC brands and platforms that assisted with much needed relief during the COVID-19 pandemic.

The SABC's CSI efforts created social cohesion, value, and built trust amongst communities amid a challenging pandemic. Across its pillars of health, education, Gender-Based Violence (GBV) and Orphan and Vulnerable Children (OVC), disability and NGO support, the SABC demonstrated its commitment to the upliftment of South African communities, particularly, the vulnerable.

PUBLIC SERVICE ANNOUNCEMENTS

During the year under review, Public Service Announcements (PSA) have been the core CSI driver from a spend of 21.2 million of unsold airtime on both Radio and TV. The PSAs made were in all 11 official languages and covered all the SABC CSI focus areas. The NGOs that the SABC awarded unsold airtime included, Girls and Boys Town, Gift of the Givers, Tears Foundation, Cancervive and CHOC.

EDUCATION

To commemorate Mandela Day, the SABC donated 8000 books to matric students, in 26 schools nationwide. This initiative ensured that the class of 2020 was able to continue with the syllabus outside normal classroom learning as a result of the curriculum being affected by COVID-19 lockdown restrictions.

WOZA MATRICS

The SABC partnered with the Department of Education (DOE) to execute the Woza Matrics campaign.

The campaign aimed to provide daily live revision sessions to support the DOE's goal to leave no matriculant behind, especially seeing as the vast majority of South Africans did not have the means to engage in online learning as they lack connectivity at home. And left unattended this situation would further compound the barriers faced by the poor in lifting themselves out of poverty.

While all grades lost out on school time as a result of the pandemic, this was more acutely felt by the Grade 12s where marks are important for career and university choices and where the content to be covered is fixed and externally examined.

The class of 2020 did not disappoint, through perseverance, adaptability and a positive outlook they

GOVERNANCE South African Broadcasting Corporation [SABC] Ltd | SABC Annual Report 2020 - 2021

R1/2 a million  
 radio airtime  
 dedicated to  
 awareness

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managed, despite a pandemic to achieve a 76,2% pass rate in the face of turmoil, uncertainty and destitution. And while some have criticised the class of 2020's pass rate pointing out that it falls 13% short of that of the previous year, it is worth noting that a vast majority of students had to for the first time, rely on distance learning without the affluent tools required to maximise on the learning experience.

Education forms an integral part of the SABC's mandate as stipulated in the Broadcasting Act. It is for this reason that the public service broadcaster availed its platforms to advance the education agenda.

#### ORPHAN AND VULNERABLE CHILDREN

The Do More Foundation is built on three fundamental pillars – #DoMore for Young Children, #DoMore to Ease Hunger and #DoMore to support youth. The SABC supported the Foundation's projects for the care of animals.

#### GENDER-BASED VIOLENCE (GBV)

The effects emanating from the scourge of Gender-Based Violence (GBV) in our country have been so severe that President Cyril Ramaphosa, declared it as a second pandemic. SABC Radio became a signatory to a 'Statement of Commitment' for Gender Equality in South African Media, in association with the internationale Zusammenarbeit (GIZ) GmbH and United Nations (UN) Women, who promote gender equality and the empowerment of women. Represented by its Group Executive: Radio, Ms Nada Wotshela, the SABC pledged its support and commitment to ending all forms of gender-based violence in our society.

The public broadcaster made a commitment to continue intensifying its efforts in addressing the issue of gender-based violence through tailor-made campaigns and programming, until change has been realised in our communities. To this end, gender-based violence was covered through PSA's and a total of 1.2 million on Radio and 2.8 million on Television airtime was dedicated to raise awareness around this matter.

#### DISABILITY

In its continued effort of creating an inclusive society for all South African citizens, the SABC dedicated half a million of airtime across its Radio platform in creating awareness and promoting the ongoing pursuit of equal rights and inclusion for the people with disability in all sectors of our society.

#### HEALTH

The SABC partnered with Solidarity Fund to enhance their initiative of fundraising for COVID-19. The campaign objective was to raise awareness for the public to pledge towards the Solidarity Fund, through the might of the SABC platforms and drive messaging and support for government initiatives. The month-long campaign contributed to the awareness of the Solidarity fund and subsequent funds raised.

The SABC also partnered with the Rotary Family Health (RFHA) a Rotary Action Group and mobilising partner of Rotary International dedicated to disease prevention and treatment. The objective of RFHA was to facilitate projects aimed at the improvement of family health and the prevention of HIV and AIDS through initiatives that provide free health screenings for marginalised communities affording them critical health information and resources. The SABC created widespread awareness of their programmes, particularly HIV in all 11 languages and across all social media platforms with interviews on radio and television platforms in all languages.

#### SOLIDARITY FUND

The SABC partnered with Solidarity Fund to enhance their initiative of fundraising for COVID-19. The campaign objective was to raise awareness for the public to pledge towards the Solidarity Fund, through the might of the SABC platforms and drive messaging and support for government initiatives. Over two (2) billion was donated to the Solidarity Fund to which the SABC was proud to have contributed.





## Audit and Risk

# COMMITTEE COMMITTEE COMMITTEE COMMITTEE COMMITTEE

## Report

► *"Whether we remain the ash or become the Phoenix is up to us."*

– Ming-Dao Deng



SABC News teams reporting from the frontline.

### COMMITTEE CHARTER

The Committee has executed its roles and responsibilities in compliance with the approved charter. The charter was reviewed and approved by the Board on 30 April 2020. The Charter defines the role of the committee in assisting the Board with the oversight of financial reporting, internal controls, risk management, combined assurance, technology governance and both external and internal audit functions.

### COMMITTEE MEMBERS

The Committee comprises of three independent non-executive directors whose names and biographies are set out in the Board Committees Section of this Annual Report. The members were duly elected by the Shareholder Representative at the annual general meeting in line with legislative requirements.

The charter gives the committee the authority to enlist the help of an independent advisor. Professional advice was sought from an external source who is an expert in financial matters and has solid understanding of accounting principles. The expertise and insights offered by the independent advisor is a valuable addition to the Committee.

#### Meetings

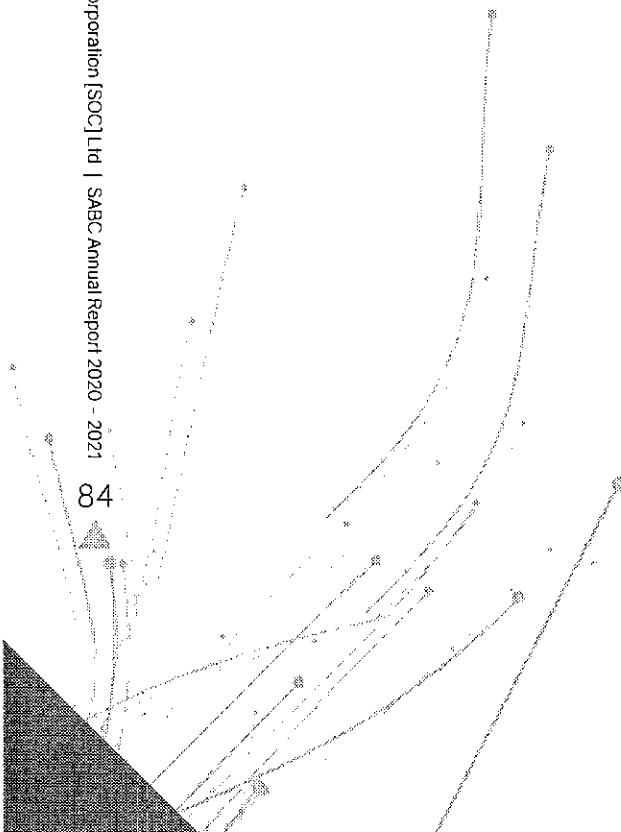
The committee convened five times during the 2020/2021 financial period. Due to COVID-19 pandemic restrictions, all meetings were held virtually through video conferencing.

Members' attendance records are disclosed in the Board Committees Section contained in this Annual Report.

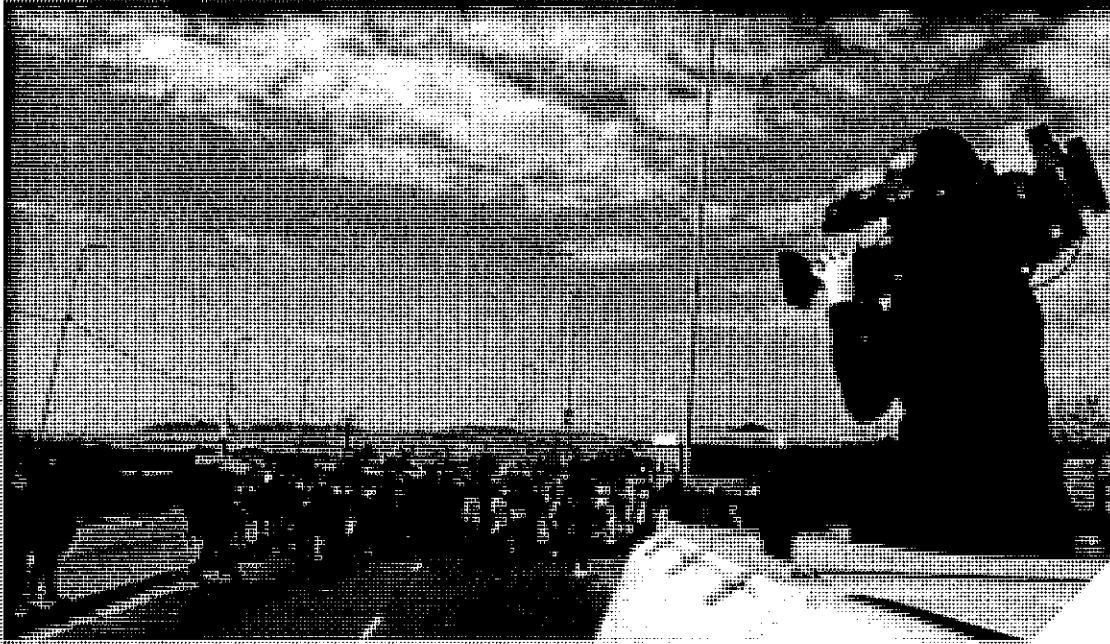
The Committee invites the executives and assurance providers to each meeting.

Over the course of the financial period, the Committee had a rolling agenda which covered standing matters such as Finance matters, Risk management, Legal matters, Internal Audit, External Audit, ICT Governance, Pre-determined objective, Bailout utilization and Audit action items.

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SCAN this QR code for additional behind the scenes content of our teams broadcasting from the frontline.

Specific attention was focused on agenda items that were introduced to address the impact of Covid-19 and outcome of the audits being internal controls, supply chain management and consequence management.

#### COMMITTEE DISCUSSIONS IN 2020/2021

The Committee reviewed the adequacy and effectiveness of SABC's policies and procedures regarding internal control systems by reviewing the work of internal audit, external audit, and regular reports from management including those on risk management, regulatory compliance, ICT governance and legal matters.

The following was reviewed by the Committee and recommended to the Board for approval

- The Audit Committee Charter
- Policy Management Framework
- Policy on Performance Management
- Fruitless and Wasteful Expenditure Policy
- Quarterly Chief Financial Officers Report
- Predetermined Objective Report
- Going Concern Status
- Reviewed the Audit Action Plan for Submission to the Minister - the remediation actions taken in response to audit findings.
- Annual Report Theme and Concept
- The draft Annual Financial Statements
- Condonations
- The Audit Engagement Letter, Auditor Client Communication Agreement, Fees and Audit Strategy.

The following submissions were reviewed, considered or approved by the Committee:

- Revisions to the Internal Audit Charter (submitted to the Board for noting)
- The amended internal audit plan for 2021 to 2023 (submitted to the Board for noting)
- Revisions to the Forensic Audit Protocol (submitted to the Board for noting)
- Combined Assurance Framework
- Quarterly Governance and Assurance report
- Quarterly Strategic and Risk Management report
- Quarterly Legal report - litigation dashboard and processes to manage litigation
- Quarterly ICT Governance Report
- The annual financial results
- With both the external auditor and management, the audit approach and methodology applied, in particular to the Key Audit Matters included in the Auditor's Report
- Significant findings of the internal audit department, the external auditor and management's response to their recommendations
- The adequacy and effectiveness of the internal control systems and its accounting, financial reporting and internal audit functions
- External auditor's independence
- Changes in accounting principles and practices proposed by management
- The project plan to bring policies up to date
- Information and matters relating to the COVID-19 pandemic
- Implementation of internal controls
- Status of the bailout utilisation
- Status update on fruitless and wasteful expenditure



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- Status update on irregular expenditure
- Progress report on the implementation of consequence management
- Supply Chain Management Improvement Project
- Progress on Loss Control Committee
- Cost containment reports

The Chairman of the Committee, after each committee meeting, briefed the Board about discussions held on critical matters, outcome of deliberations and the committee's recommendations. The Board favourably considered all recommendations of the Committee.

## REVIEW OF THE FINANCIAL STATEMENTS

The Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Considered the appropriateness of the material audit matters reported on by the Auditor-General South Africa and notes management's treatment and audit response thereof.
- Ensured that the annual financial statements fairly present the financial position of the SABC at the end of the financial year and the results of operations and cash flows for that period, and considered the basis on which the SABC was determined to be a going concern

Based on the review and discussions with management, the Committee was satisfied that the Annual Financial Statements were prepared in accordance with applicable accounting standards and fairly present SABC's financial position and results for the year ended 31 March 2021.

The Committee therefore recommended that the Annual Financial Statements for the year ended 31 March 2021 be approved by the Board.

## GOING CONCERN

The Committee monitored the issues of going-concern that pertains to the viability of SABC in future. In particular the impact of COVID-19 and the economic conditions were considered. The Committee concurs with the view expressed by management and evaluated by external audit that the adoption of the going concern assumption in the preparation of the annual financial statements is appropriate.

## FINANCIAL SUSTAINABILITY

The Committee received reports on the utilization of the Bailout funding and requested for internal audit to verify the accuracy of the report received. Internal audit provided assurance on the report and adjustments were carried out where necessary.

## RISKS

There were in-depth discussions on the impact of Covid-19 and risk management.

A risk report articulating the emerging risks due to Covid-19 and the action plans put in place to mitigate such risks was provided as an assurance. This enabled the Committee to assess and make a determination whether such risks were being addressed.

## EXTERNAL AUDIT

The Committee has satisfied itself that the Auditor-General South Africa was independent of the SABC. The Committee approved the engagement letter, audit strategy and budgeted audit fees for the 2020/2021 financial year.

The Committee met with the Auditor-General South Africa to ensure that there are no unresolved issues of concern. The Committee was apprised by the external auditor over the key audit matters that contributed to their audit opinion.

## INTERNAL AUDIT

Internal Audits were executed as per the risk-based internal audit plan approved by the Committee. The Committee received reports on the results of internal audit work. The Committee assessed the impact of the COVID-19 pandemic on the ability of the internal audit department to carry out audits, satisfying itself that sufficient coverage of the 2020/2021 plan was achieved. The Committee discussed areas where control improvement opportunities were identified and assessed progress in execution of management actions. Certain reports were directed to the respective sub-committee to monitor. The Committee specifically requested an audit on COVID-19 related expenditure. The Committee recognizes the improvement of the content and quality of quarterly reports prepared and issued by the internal audit department during the year under review. Internal audit successfully executed IT Audits, forensic investigation and attended to incidents reported on the whistleblowing hotline.

The Committee evaluated the performance of the Chief Audit Executive and acknowledged improvement in his performance.

## AUDIT ACTION PLAN

The Committee has maintained its focus on providing oversight on addressing audit findings.

An audit action plan is prepared for submission to the Minister and is considered every quarter. The Committee was satisfied with the improvement in implementing action plans that management committed to. There has been significant progress in addressing audit findings raised by external audit. More effort is required in addressing those raised by internal audit. The Finance Section ensured that action plans addressed the root cause of the audit finding.

## Predetermined objectives and performance information

A report on performance against the pre-determined objectives was considered on a quarterly basis.

The Committee recognizes that the process surrounding performance information requires improvement to ensure that the portfolio of evidence is complete and available for reporting and audit purposes.

## Internal Control Assessment

Based on the independent and objective assurance reports from the internal and external auditors, as well as by management, the Committee is of the opinion that internal controls requires moderate, and in some areas, significant improvement.

Management strived to address financial misconduct by introducing new initiatives and efforts in trying to improve the area of non-compliance to controls.

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The effect of the pandemic on the control environment was considered. The Committee discussed the status of internal controls. The Committee paid particular attention to controls relating to supply chain management. Immense effort has been made in enhancing controls or introducing new controls where necessary. However, there is still a need to improve controls to ensure efficient and effective functioning of all processes. The Committee is comforted in that the control environment is on the path of maturity.

An Internal Controls Steering Committee (ICSC) was formed to enable the design and implementation of the Internal Controls Framework within the SABC through Project Qinisa. The role of the ICSC was to provide oversight on the implementation of internal controls within the SABC.

### ICT GOVERNANCE

ICT Governance Reports provided assurance on disaster recovery, business continuity management, security assessment or cyber security matters. Assessments were conducted to determine level of vulnerability.

Digital transformation was accelerated due to the pandemic. This resulted in cyber security becoming a priority focus area to ensure the confidentiality of data and personal information on the network and address information breach concerns

### WHISTLEBLOWING

The Committee reviewed the functioning of the whistleblowing process. The Committee was provided with assurance that the incidents reported were being addressed. The Committee noted that the incidents reported were investigated and appropriate action taken wherever necessary and greater detail would be provided in future.

### POLICIES

The Committee considered the Policy Management Framework and monitored progress with policy reviews. There has been significant attempts to address the backlogs of the reviews.

### COMBINED ASSURANCE

The Combined Assurance Framework was considered and approved.

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant risks facing the business.

The Combined Assurance Model is in the process of being designed. This would assist in ensuring that combined assurance is integrated with the risk management process to assess assurance activities across the various lines of defense.

### SUPPLY CHAIN MANAGEMENT AND CONSEQUENCE MANAGEMENT

The Committee's approach to addressing material findings was to focus on improving controls and processes on supply chain management and consequence management.

#### Supply Chain Management

A Supply Chain Management Process Improvement Plan was prepared to address audit findings and non-compliance to supply chain management prescripts. The purpose was to strengthen the control environment in supply chain management.

The Committee noted that measures continued to be put in place to reduce the irregular, fruitless and wasteful expenditure, but more importantly, the sources of irregular, fruitless and wasteful were systematically addressed.

Supply chain management remains challenging despite concerted attempts to address the several challenges. The concern relating to the completeness of the reported irregular expenditure resulted in the external auditors again issuing a qualified opinion, however the qualification was based on the Corporation not being able to give assurance that particulars of all irregular expenditure in the prior years were disclosed in the notes to the Annual Financial Statements for the year under review.

While management has made recognisable progress in recording instances of irregular expenditure in the previous years, significant effort is still required to ensure identification and recording of all instances of historic irregular expenditure and requisite training must be provided to relevant staff.

#### Consequence Management

The Committee noted that the effectiveness of consequence management in the Corporation, as it pertains to prior years, is less than ideal.

A Loss Control Committee was established to deal with consequence management resulting from irregular, fruitless and wasteful expenditure. The Loss Control Committee continued its work in the year under review and its impact is more pronounced.

#### Chief Financial Officer expertise and experience

The committee considered the expertise and experience of the Chief Financial Officer and concluded that these were appropriate.

### GRATITUDE

We have navigated through a strenuous year and risen despite the endless challenges. I would like to express my gratitude to fellow Board members, committee members, the executive management and their teams for adapting to the COVID-19 pandemic, for fulfilling their roles and responsibilities and their unremitting efforts to carry out the mandate of the Committee. I am pleased to report that the Committee has ensured that is delivered on its mandate in a very challenging period.

### RISE UP SABC

The transformation of the audit opinion over the years is like the rise of the phoenix. The resilience shown by the Board and Management demonstrates that SABC is resurrecting.

As the SABC rises from the ashes the Committee will continue focusing on priority areas that will result in a sustainable SABC.



Ms Jasmina Patel  
Chairperson of the Audit and Risk Committee



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SCAN this QR code to listen to Berita's powerful song titled 'Ungandibulali', which formed part of the launch of SABCRadio's Don't Turn a Blind Eye campaign.

# STOP GENGFI



HUMAN RESOURCES South African Broadcasting Corporation (SABC) Ltd | SABC Annual Report 2020 - 2021 | 00

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## DON'T TURN A BLIND EYE

The South African Broadcasting Corporation's radio stations launched a campaign titled 'Don't Turn a Blind Eye', in commemorating 16 Days of Activism Against Gender-based Violence.

The launch of this campaign was simulcast across all 18 radio stations to ensure maximum reach and increased awareness on the important role that society should play in the fight against gender-based violence. Using the power of music to spread the message of collective action, the SABC partnered with multi-award winning artist, Berita to release a powerful song titled 'Ungandibulali', which was first played on SABC Radio on Wednesday, 25 November 2020.

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# Human

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SABC Staff participation in the Jerusalem challenge to uplift spirits during COVID-19.

## OVERVIEW

The period under review presented Human Resources with many new and exceptional challenges that were faced head on. New ways of working had to be developed with the COVID-19 pandemic and the subsequent lockdowns. This proved to be a challenging time for the organisation, however, management and staff worked collectively to ensure business continuity throughout these trying times. Within a short space of time, the staff adapted to a remote working model, with only essential services present at the broadcasting centres to ensure that broadcasting continued seamlessly.

Following the challenges posed by the pandemic, the SABC embarked on a Section 189 process to reduce its large wage bill in line with its Turnaround Plan. The process commenced with numerous consultation sessions with all stakeholders, with the finalisation of the new organisational structure aligned to the revised operating model, identification of redundant and surplus positions and ultimately, the population of the new structure. All positions within the new SABC structure were evaluated to determine their worth and to ensure fair remuneration throughout the organisation. This was a very emotional exercise that the SABC embarked on during the year under review and as such, measures have been put in place to build on the positive foundation that was laid through the restructuring process.

The SABC also conducted a Skills Audit to determine the skills levels within the organisation. During this process, core competencies were identified as well as the competencies required to usher the SABC into the digital age. The findings of the Skills Audit were used to compile development plans in order to address the identified skills gaps within the organisation.

During the reporting period, organisational and individual performance remained a focus area. Human Resources, with the assistance of management, drove the process of getting performance agreements signed by all employees at all levels within the corporation. The establishment of a performance cycle seeks to contribute to a culture of high performance and the achievement of organisational goals.

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The SABC values its employees and recognises the importance of creating an enabling environment which is crucial for the attraction and retention of talent. This is to ensure that organisational talent needs are continuously addressed, and that critical talent is meaningfully engaged. A Talent Management framework and policy, therefore, has been developed. Talent Management forms an important part of the further development of the SABC's employees. Human Resources remains committed to delivering on the strategic direction of the SABC.

**PERFORMANCE AGAINST CORPORATE PLAN**

**HR Priorities For The Year Under Review**

**Operating Model and Structure Review**

The SABC successfully implemented its revised structure. The new structure aims to bring about efficiencies and a reduction in headcount costs. In addition, it will assist the Corporation to successfully implement its Turnaround plan in order to fulfil its public mandate, effectively and efficiently.

**Performance Management**

Performance Management remains an important focus area within Human Resources. During the period under review, management supported the process and ensured that their team members adhere to the process. The SABC achieved a 73% completion of Performance Agreements across the organisation.

**Workplace Skills Plan – Digital Training**

During the Skills Audit exercise, various core skills were identified as being necessary for the SABC to move into the digital era. These skill requirements will be incorporated into the Workplace Skills Plan and Annual Training Plan. During the period under review, the SABC experienced challenges regarding the delivery of training and could not achieve its 80% training delivery target.

**Framework and Strategy to Attract and Retain a Desired Workforce**

Through its continued efforts to ensure that the SABC becomes an Employer of Choice, the Human Resources division developed a Talent Management Framework which will be implemented over the next few years. This framework will provide a setting within which employees can grow their skills, careers and realise their potential.

**Wellness Programmes**

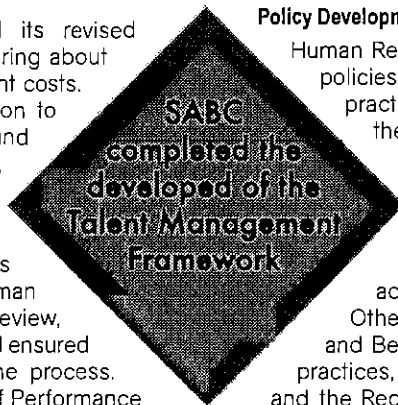
During the period under review, Wellness was at the forefront with providing health care services to all employees SABC employees. The SABC's Wellness service provider delivered a variety of services including counselling as the employees were going through during difficult times.

**Policy Development**

Human Resources is continuously reviewing all HR policies in order to ensure alignment with best practices and changes in legislation. During the reporting period, several Human Resources policies were reviewed. A Talent Management policy was developed to address a need identified for such practices in the corporation. The Employment Equity policy was also adapted to include inclusion and diversity. Other policy reviews included the Remuneration and Benefits policy to ensure fair remuneration practices, the Performance Management policy and the Recruitment and Selection policy to enable alignment to best practices in the organisation.

**Challenges**

Due to the lockdown and remote working arrangements, challenges were experienced with the delivery of training programmes. This shortfall was partially addressed through training programmes delivered via remote platforms as well as e-learning.



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## HUMAN RESOURCE OVERSIGHT STATISTICS

## Personnel Cost by Division

Division	Total Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as % of Total Expenditure	No. of Employees	Average Employee Compensation and Benefits Expenditure per employee (R'000)
Commercial Enterprises	214 132	195 117	91,1%	174	1 110
Group Services	726 820	251 417	34,6%	479	520
News	792 215	662 264	83,6%	581	1 128
Provincial Operations	222 567	101 235	45,5%	71	1 412
Radio	867 728	290 324	33,5%	137	2 098
SABC Sport	233 758	58 156	24,9%	32	1 799
Technology	758 980	485 458	64,0%	483	995
Television	1 719 830	206 977	12,0%	160	1 281
<b>Grand Total</b>	<b>5 536 030</b>	<b>2 250 948</b>	<b>40,7%</b>	<b>2 117</b>	<b>1 053</b>

\* Items like Leave and PRMA are reflected under Group Services for total company

The majority of employees who left the company were employed for the full financial year. The average cost is therefore substantially overstated since it is based on the remaining employees and not total over the year

## Personnel Cost Level

Level	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as % of Total	No. of Employees	Average Employee Compensation and Benefits Expenditure per employee (R'000)
Top Management	40 035	1,8%	12	3 303
Senior Management	51 712	2,3%	20	2 560
Middle Management	436 775	19,4%	250	1 730
Junior Management	465 066	20,7%	310	1 485
Supervisory Levels	1 066 945	47,4%	1 215	869
Rest of Staff	190 415	8,5%	310	608
<b>Grand Total</b>	<b>2 250 948</b>	<b>100,0%</b>	<b>2 117</b>	<b>1 053</b>

The majority of employees who left the company were employed for the full financial year. The average cost is therefore substantially overstated since it is based on the remaining employees and not total over the year

## Performance Rewards

Level	Performance Rewards	Employee Compensation and Benefits Expenditure (R'000)	% of Performance Rewards vs Total Employee Compensation and Benefits Expenses
Top Management	-	40 035	0,0%
Senior Management	-	51 712	0,0%
Middle Management	-	436 775	0,0%
Junior Management	-	465 066	0,0%
Supervisory Levels	-	1 066 945	0,0%
Rest of Staff	-	190 415	0,0%
<b>Grand Total</b>	-	<b>2 250 948</b>	<b>0,0%</b>

## Training Costs

Level	Permanent Employee Compensation and Benefits Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as % of Permanent Employee Compensation and Benefits Expenses	No. of Employees Trained	Average Training Cost per Employee (R'000)
Commercial Enterprises	195 117	-	0,0%	200	-
Group Services	251 417	59 100	23,7%	175	338
News	662 264	186 813	28,4%	117	1 597
Provincial Operations	101 235	-	0,0%	45	-
Radio	290 324	-	0,0%	72	-
SABC Sport	58 156	-	0,0%	11	-
Technology	485 458	37 600	7,8%	135	279
Television	206 977	-	0,0%	40	-
<b>Grand Total</b>	<b>2 250 948</b>	<b>283 513</b>	<b>12,7%</b>	<b>795</b>	<b>357</b>

## Employment and Vacancies by Division

Division	2019/2020 No. of Employees	2018/2019 Vacancies	2019/20 No. of Employees	2019/2020 Vacancies	% of Vacancies
Commercial Enterprises	218	33	174	-	0,0%
Group Services	667	58	479	-	0,0%
News	767	21	581	-	0,0%
Provincial Operations	135	14	71	-	0,0%
Radio	303	17	137	-	0,0%
SABC Sport	52	1	32	-	0,0%
Technology	606	26	483	-	0,0%
Television	231	14	160	-	0,0%
<b>Grand Total</b>	<b>2 979</b>	<b>184</b>	<b>2 117</b>	<b>-</b>	<b>0,0%</b>

The SABC transitioned to a new structure on 1 April 2021. There were therefore no vacancies on the old structure on the remaining employees and not total over the year

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## Employment and Vacancies

Level	2019/2020 No. of Employees	2019/2020 Vacancies	2020/2021 No. of Employees	2020/2021 Vacancies	% of Vacancies
Top Management	8	4	12	-	0,0%
Senior Management	27	27	20	-	0,0%
Middle Management	374	36	250	-	0,0%
Junior Management	489	27	310	-	0,0%
Supervisory Levels	1 652	65	1 215	-	0,0%
Rest of Staff	429	25	310	-	0,0%
<b>Grand Total</b>	<b>2 979</b>	<b>184</b>	<b>2 117</b>	<b>-</b>	<b>0,0%</b>

The SABC transitioned to a new structure on 1 April 2021. There were therefore no vacancies on the old structure

## Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at the End of Period	Level Movements
Top Management	8	4	-	12	4
Senior Management	27	4	11	20	-7
Middle Management	374	4	128	250	-124
Junior Management	489	3	181	310	-179
Supervisory Levels	1 652	-	438	1 215	-437
Rest of Staff	429	-	119	310	-119
<b>Grand Total</b>	<b>2 979</b>	<b>15</b>	<b>877</b>	<b>2 117</b>	<b>-862</b>

## Reasons for Staff Leaving

Reason	Number	% of Total number of staff leaving
Death	9	1,0%
Dismissal	15	1,7%
Expiry of Contract	37	4,2%
Ill Health	3	0,3%
Resignation	39	4,4%
Retirement	87	9,9%
Separation Package	1	0,1%
Forced Retrenchment	341	38,9%
Voluntary Retrenchment	345	39,3%
<b>Grand Total</b>	<b>877</b>	<b>100,0%</b>

## Employment Equity Targets and Status

Level	African		Coloured		Indian		White		Disabled Staff	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
<b>MALE</b>										
Top Management	1	1	-	-	-	-	-	-	-	-
Senior Management	4	4	1	1	1	-	-	-	-	-
Professional Qualified	199	161	20	19	23	18	53	65	3	10
Skilled	492	935	54	102	22	130	60	173	15	48
Semi-Skilled	78	33	5	6	1	-	2	7	1	3
Unskilled	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>774</b>	<b>1 134</b>	<b>80</b>	<b>128</b>	<b>47</b>	<b>148</b>	<b>115</b>	<b>245</b>	<b>19</b>	<b>61</b>
<b>FEMALE</b>										
Top Management	-	-	-	-	-	-	-	-	-	-
Senior Management	4	4	-	-	-	-	1	1	-	-
Professional Qualified	191	129	21	15	17	15	56	58	6	5
Skilled	573	1 016	67	138	37	65	61	165	28	45
Semi-Skilled	63	16	6	2	2	-	2	1	3	1
Unskilled	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>831</b>	<b>1 165</b>	<b>94</b>	<b>155</b>	<b>56</b>	<b>80</b>	<b>120</b>	<b>225</b>	<b>37</b>	<b>51</b>



SCAN this QR code to view the SABC Freedom Month campaign.



## SABC WINS BIG

The SABC won Gold and Silver awards at the 2020 Promax Africa awards.

The SABC's Freedom Month Campaign which was produced and aired in April 2020, won a Promax gold award in the best design without footage category. A silver award for the best radio promotion was awarded to SABC3's Access Animal Shows.

The Promax Awards celebrate outstanding achievements in entertainment marketing and design by honouring teams that use their design and marketing talents to drive audiences, create value, and build leading brands in entertainment. These accolades bear testimony to the SABC's commitment of ensuring world-class marketing and design initiatives which resonate with its audiences and meet the industry's best practice standards.

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# FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS

#### FINANCIAL STATEMENTS

##### FINANCIAL STATEMENTS

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# STATEMENT STATEMENT STATEMENT STATEMENT STATEMENT

## of Responsibility and Confirmation of the Accuracy of the Annual Report

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the audited annual financial statements.

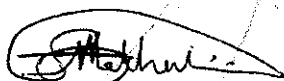
The audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The audited annual financial statements set out on pages 101 to 151, which have been prepared on the going concern basis, were approved by the board of directors on May 31, 2021 and were signed on their behalf by:



**Mr Bongumusa Makhathini**  
Chairperson of the SABC Board



**Mr Madoda Mxakwe**  
Group Chief Executive Officer

# REPORT REPORT REPORT REPORT REPORT

## of the Auditor-General to Parliament on the South African Broadcasting Corporation SOC LTD (SABC)

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### Qualified Opinion

1. I have audited the consolidated and separate financial statements of the South African Broadcasting Corporation (SABC) Ltd and its subsidiaries (the group), set out on pages 101 to 151, which comprise the consolidated and separate statement of financial position as at 31 March 2021, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the SABC (SOC) Ltd as at 31 March 2021, and the group's financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (the Companies Act).

#### Basis for Qualified Opinion

##### Irregular expenditure

3. The public entity did not include particulars of all irregular expenditure in the notes to the consolidated and separate financial statements in the prior years, as required by section 55(2)(b)(i) of the PFMA. The irregular expenditure incurred was the result of payments made in contravention of supply chain management legislation and regulations. The public entity did not implement adequate procedures in the past to identify and record all instances of irregular expenditure from prior years and possible impact of these transactions on the ongoing multi-year contracts concluded in those years.

The full extent of the misstatement identified could not be quantified and I was unable to confirm the amount of irregular expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure, stated at R2 855 million (2020: R5 399 million) in note 40 to the consolidated and separate financial statements.

##### Context for the Opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
5. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### Material Uncertainty Relating to Going Concern

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 41 to the consolidated and separate financial statements, which indicates that the public entity incurred a net loss of R530 million (2020: R511 million) and net cash outflows from operations of R690 million (2020: R1 209 million) for the financial reporting period to 31 March 2021. As stated in note 41, these events or conditions, along with other matters as set forth in note 41, indicate that a material uncertainty exists that may cast significant doubt on the public's ability to continue as a going concern.

#### Emphasis of Matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

##### Significant judgement: TV licences

10. As disclosed in note 23 to the consolidated and separate financial statements, the public entity has recognised TV licence revenue of R788 million (2020: R791 million) of the total licence fees billed of R4 416 million (2020: R4 080 million). The public entity has not recognised licence fees to the amount of R3 628 million (2020: R3 289 million). In management's judgement, it is not probable that the economic benefits associated with these transactions will flow to the public entity to meet the recognition criteria.

##### Significant judgement: defined benefit asset

11. As disclosed in note 6 to the consolidated and separate financial statements, the public entity has a defined benefit pension plan of R1 796 million (2020: R775 million), which is actuarially valued annually at year end using the projected unit credit method for the financial statements. This is disclosed in note 1.3.6 regarding significant judgements and sources of estimation uncertainty on the pension plan assumptions.

##### Significant uncertainties

12. As disclosed in note 37 to the financial statements, the public entity is a defendant in a number of lawsuits. The ultimate outcome of these matters could not be determined currently, and no provision for any liability that may result was provided for in the financial statements.

##### Material impairment: trade and other receivables

13. As disclosed in the statement of profit and loss, material impairment of R100 million (2020: R76 million) was incurred as a result of long-outstanding trade and other receivables. This was primarily related to TV licence debtors.

#### Responsibilities of the Accounting Authority for the Consolidated and Separate Financial Statements

14. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the consolidated and separate financial state-

# Report of the Auditor-General to Parliament on the South African Broadcasting Corporation SOC LTD (SABC) continued

ments, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## Auditor-General's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

16. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

17. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and Scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected Strategic goals presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected Strategic goals presented in the public entity's annual performance report for the year ended 31 March 2021:

Strategic goals	Pages in the annual performance report
Strategic goal 2 – content and platforms	33

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material findings on the usefulness and reliability of the performance information of the selected Strategic goals are as follows:

### Strategic goal 2 – content and platforms

#### Percentage of local music broadcast on PBS radio stations during performance period

23. I was unable to obtain sufficient appropriate audit evidence for the achievement of percentage of local music broadcast on PBS radio stations during performance period reported in the annual performance report, due to the lack of valid and accurate records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement below as reported in the annual performance report.

Indicator description	Reported achievement
Percentage of local music broadcast on PBS radio stations during performance period	76,7%

#### Other Matters

24. I draw attention to the matter below.

#### Achievement of planned targets

25. Refer to the annual performance report on pages 33 to 34 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 23 of this report.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and Scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements, annual performance information and annual report

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA and section 29(1)(a) of the Companies Act.

29. Material misstatements of the disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatement of irregular expenditure resulted in the financial statements receiving a qualified opinion.

#### Consequence management

30. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some of the officials who had incurred and/or permitted irregular expenditure in prior years, as required by section 51(1)(e)(iii) of the PFMA.

#### Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion section of this auditor's report, the value disclosed in note 40 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with the requirements of the 2017 Preferential Procurement Regulations.

32. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R21 million, as disclosed in note 40 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by lease of office space which cannot be occupied based on an agreement entered into in 2016.

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# Report of the Auditor-General to Parliament on the South African Broadcasting Corporation SOC LTD (SABC) continued

## Strategic planning and performance management

33. The corporate plan submitted to the director-general of Department of Communications and Digital Technologies designated by the executive authority did not include the affairs of the SABC Foundation, as required by section 52(b) of the PFMA.

## OTHER INFORMATION

34. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected Strategic goals presented in the annual performance report that have been specifically reported in this auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected Strategic goals presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

38. I considered internal controls relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
39. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
40. Non-compliance with legislation could have been prevented if management had properly reviewed and monitored compliance.

## MATERIAL IRREGULARITIES

41. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### Status of previously reported material irregularities Security contract awarded to a bidder that did not score the highest points in the bid evaluation process

42. In August 2017, the public entity made an award of R185 million for the provision of security services to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), without objective criteria to justify the

decision. The non-compliance is likely to result in a material financial loss as the price of the security service procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids incurred over the duration of the security contract awarded. As at 31 March 2021, R113 million has been paid on the contract. The public entity will not be able to recover the likely financial loss from the supplier as the supplier is delivering the service in line with the signed contract.

43. In December 2017, one of the losing bidders instituted a court application for review of the decision by the public entity. In June 2019 the Special Investigating Unit (SIU) concluded an investigation of this award as per Proclamation R29 of 2017 and amended by Proclamation R19 of 2018. The SIU joined the case initiated by the losing bidder with a motion to set aside the contract.
44. The accounting authority was notified of the material irregularity on 7 July 2020. The following actions have been taken or are in progress to address the material irregularity:
- In December 2020, the SIU as a co-applicant instituted a review application to seek an order setting aside the award of the tender and an order that the tender process be started afresh. When the SIU served and filed its founding affidavit, it inadvertently omitted to file its notice of motion and, as a result, in February 2021 the SIU filed a condonation application requesting that the court condone the late filing of its notice of motion. Also, approval was given by the board to support the application by the SIU and the SABC is not opposing the SIU's Review Application and served and filed its own answering affidavit on 22 June 2021.
  - The Board agrees with the SIU's final report and that follow-up steps for consequence management will be instituted once the court case has been finalised.
  - The public entity has put in place internal controls to address some of the shortcomings in relation to its supply chain management processes and has considered commencing a new tender process for the security services, effective when this contract is coming to an end.
45. I will follow up on the implementation of the above actions during my next audit.

## OTHER REPORTS

46. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by internal audit which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
47. At the request of the accounting authority and/or the audit committee, the internal audit unit conducted several investigations arising from allegations of financial misconduct against officials of the public entity. Some of these investigations had been finalised while others were closed or were still in progress at year-end. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the officials concerned.



Auditor - General



Preforia  
31 August 2021

AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

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## Report of the Auditor-General to Parliament on the South African Broadcasting Corporation SOC LTD (SABC) continued

### ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

#### Financial Statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the SABC (SOC) Ltd and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

#### Communication with those Charged with Governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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# STATEMENT of Financial Position as at 31 March 2021

Figures in R' 000	Note(s)	Group		Company	
		2021	2020 Audited	2021	2020 Audited
<b>Assets</b>					
Property, plant and equipment	3	1 456 936	1 485 930	1 456 936	1 485 930
Investment property	4	9 364	9 930	9 364	9 930
Intangible assets	5	58 953	63 411	58 953	63 411
Defined benefit asset	6	1 796 473	775 103	1 796 473	775 103
Investments in subsidiaries	7	-	-	-	1 761
Other financial assets	8	-	7 319	-	7 319
Prepayments	9	18 434	58 088	18 434	58 088
Operating lease asset	18	-	-	-	-
Right-of-use assets	35	17 488	28 856	17 488	28 856
<b>Total non-current assets</b>		<b>3 357 648</b>	<b>2 428 637</b>	<b>3 357 648</b>	<b>2 430 398</b>
Programme, film and sports rights	5	469 559	493 833	469 559	493 833
Consumables	10	4 063	4 279	4 063	4 279
Trade and other receivables	11	633 833	843 326	634 605	843 326
Prepayments	9	100 231	17 708	100 231	17 708
Contract assets	23	19 380	262 416	19 380	262 416
Cash and cash equivalents	12	1 482 793	2 132 866	1 479 746	2 129 579
Other financial assets	8	8 528	-	8 528	-
<b>Total current assets</b>		<b>2 718 387</b>	<b>3 754 428</b>	<b>2 716 112</b>	<b>3 751 141</b>
Non-current assets held for sale and assets of disposal groups	42	1 526	-	1 526	-
<b>Total Assets</b>		<b>6 077 561</b>	<b>6 183 065</b>	<b>6 075 286</b>	<b>6 181 539</b>
<b>Equity</b>					
Share capital	13	3 200 001	3 200 001	3 200 001	3 200 001
Fair value adjustment reserve	14	-	6 412	-	6 412
Retained earnings		(219 067)	(212 241)	(221 386)	(213 197)
<b>Total equity</b>		<b>2 980 934</b>	<b>2 994 172</b>	<b>2 978 615</b>	<b>2 993 216</b>
<b>Liabilities</b>					
Government debt instrument	15	14 913	14 913	14 913	14 913
Loans and borrowings	16	-	4 499	-	4 499
Deferred government grant	17	113 755	150 146	113 755	150 146
Employee benefits obligation	19	1 285 245	1 038 668	1 285 245	1 038 668
Other non-current liabilities	20	4 180	20 064	4 180	20 064
Lease liabilities	35	8 717	17 110	8 717	17 110
<b>Total non-current liabilities</b>		<b>1 426 810</b>	<b>1 245 400</b>	<b>1 426 810</b>	<b>1 245 400</b>
Trade and other payables	21	725 456	818 670	725 501	818 100
Contract liabilities	23	196 023	363 287	196 023	363 287
Employee benefit obligation	19	187 401	209 632	187 401	209 632
Loans and borrowings	16	3 764	13 231	3 764	13 231
Current tax payable	33	68 840	69 491	68 840	69 491
Deferred government grant	17	177 587	153 281	177 587	153 281
Provisions	22	300 426	302 412	300 426	302 412
Lease liabilities	35	10 321	13 489	10 321	13 489
<b>Total current liabilities</b>		<b>1 669 818</b>	<b>1 943 493</b>	<b>1 669 863</b>	<b>1 942 923</b>
<b>Total Liabilities</b>		<b>3 096 628</b>	<b>3 188 893</b>	<b>3 096 673</b>	<b>3 188 323</b>
<b>Total Equity and Liabilities</b>		<b>6 077 562</b>	<b>6 183 065</b>	<b>6 075 288</b>	<b>6 181 539</b>



# STATEMENT of Profit or Loss

Figures in R'000	Note(s)	Group		Company	
		2021	2020 Audited	2021	2020 Audited
Revenue	23	4 953 202	5 652 481	4 953 202	5 652 481
Other income	24	15 063	20 820	15 063	20 320
Amortisation	5.2	(1 014 885)	(1 270 009)	(1 014 885)	(1 270 009)
Net impairment reversed/(raised) of programme, film and sports rights	5.2	(12 493)	1 844	(12 493)	1 844
Amortisation of computer software	5.1	(5 885)	(22 229)	(5 885)	(22 229)
Impairment of trade receivables	11	(100 027)	(76 374)	(100 027)	(76 374)
Depreciation and impairment of property, plant and equipment	3	(136 580)	(147 357)	(136 580)	(147 358)
Depreciation of right-of-use assets	35	(18 589)	(15 705)	(18 589)	(15 705)
Broadcast cost		(267 526)	(398 620)	(267 526)	(398 620)
Signal distribution and linking costs		(718 235)	(769 831)	(718 235)	(769 831)
Marketing		(19 426)	(47 805)	(19 426)	(47 805)
Direct revenue collection cost		(63 993)	(29 815)	(63 993)	(29 815)
Professional and consulting fees	26	(56 820)	(78 417)	(56 820)	(78 417)
Employee costs	25	(2 672 217)	(2 829 701)	(2 672 217)	(2 829 701)
Personnel costs other than employee compensation		(38 012)	(52 378)	(38 012)	(52 378)
Operational		(447 166)	(476 706)	(446 768)	(475 641)
Profits/(losses) on disposal of assets	28	(1 333)	5 925	(1 333)	5 925
<b>Operating loss before finance costs and tax loss</b>		<b>(604 922)</b>	<b>(533 877)</b>	<b>(604 524)</b>	<b>(533 313)</b>
Investment income	29	82 147	64 931	82 147	64 883
Finance costs	29	(8 339)	(41 935)	(8 339)	(41 935)
Gains on reclassification of financial assets from fair value through other comprehensive income to fair value through profit and loss	14	939	-	939	-
Impairment of investment in subsidiaries		-	-	(1 761)	-
<b>Loss before taxation</b>		<b>(530 175)</b>	<b>(510 881)</b>	<b>(531 539)</b>	<b>(510 365)</b>
Taxation	30	-	(497)	-	(497)
<b>Loss for the year</b>		<b>(530 175)</b>	<b>(511 378)</b>	<b>(531 538)</b>	<b>(510 862)</b>

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# STATEMENT of Comprehensive Income

Figures in R'000	Note(s)	Group		Company	
		2021	2020 Audited	2021	2020 Audited
<b>Loss for the year</b>		(530 175)	(511 378)	(531 538)	(510 862)
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Actuarial gain/(loss) on long service awards	19	10 093	(29 919)	10 093	(29 919)
Actuarial (loss)/gain on PRMA	19	(187 720)	184 638	(187 720)	184 638
Other financial assets	8	-	(3 248)	-	(3 248)
Recognition of Pension surplus/(deficit)	6	700 976	(1 298 967)	700 976	(1 298 967)
<b>Total items that will not be reclassified to profit or loss</b>		<b>523 349</b>	<b>(1 147 496)</b>	<b>523 349</b>	<b>(1 147 496)</b>
<b>Other comprehensive income for the year net of taxation</b>		<b>523 349</b>	<b>(1 147 496)</b>	<b>523 349</b>	<b>(1 147 496)</b>
<b>Total comprehensive (loss) income</b>		<b>(6 826)</b>	<b>(1 658 874)</b>	<b>(8 189)</b>	<b>(1 658 358)</b>



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# STATEMENT of Changes in Equity

Figures in R'000	Share capital	Fair value adjustment reserve	Retained earnings	Total equity
<b>Group</b>				
<b>Audited Balance at 1 April 2019</b>	<b>1</b>	<b>8 932</b>	<b>1 446 633</b>	<b>1 455 566</b>
Loss for the year	-	-	(511 378)	(511 378)
Other comprehensive income	-	(2 520)	(1 147 496)	(1 150 016)
<b>Total comprehensive Income for the year</b>	<b>-</b>	<b>(2 520)</b>	<b>(1 658 874)</b>	<b>(1 661 394)</b>
National Treasury funding	3 200 000	-	-	3 200 000
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>3 200 000</b>	<b>-</b>	<b>-</b>	<b>3 200 000</b>
<b>Unaudited Balance at 1 April 2020</b>	<b>3 200 001</b>	<b>6 412</b>	<b>(212 241)</b>	<b>2 994 172</b>
Loss for the year	-	-	(530 175)	(530 175)
Other comprehensive income	-	(6 412)	523 349	516 937
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(6 412)</b>	<b>(6 826)</b>	<b>(13 238)</b>
<b>Unaudited Balance at 31 March 2021</b>	<b>3 200 001</b>	<b>-</b>	<b>(219 067)</b>	<b>2 980 934</b>
Note(s)	13			
<b>Company</b>				
<b>Audited Balance at 1 April 2019</b>	<b>1</b>	<b>8 932</b>	<b>1 445 161</b>	<b>1 454 094</b>
Loss for the year	-	-	(510 862)	(510 862)
Other comprehensive income	-	(2 520)	(1 147 496)	(1 150 016)
<b>Total comprehensive Income for the year</b>	<b>-</b>	<b>(2 520)</b>	<b>(1 658 358)</b>	<b>(1 660 878)</b>
Other 2	3 200 000	-	-	3 200 000
<b>Total contributions by owners of company recognised directly in equity</b>	<b>3 200 000</b>	<b>-</b>	<b>-</b>	<b>3 200 000</b>
<b>Unaudited Balance at 1 April 2020</b>	<b>3 200 001</b>	<b>6 412</b>	<b>(213 197)</b>	<b>2 993 216</b>
Loss for the year	-	-	(531 539)	(531 539)
Other comprehensive income	-	(6 412)	523 349	516 937
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(6 412)</b>	<b>(8 189)</b>	<b>(14 601)</b>
<b>Balance at March 31, 2020</b>	<b>3 200 001</b>	<b>-</b>	<b>(221 386)</b>	<b>2 978 615</b>
Note(s)	13			

The accounting policies on pages 106 to 117 and the notes on pages 117 to 151 form an integral part of the audited annual financial statements.

# STATEMENT of Cash Flows

Figures in R'000	Note(s)	Group		Company	
		2021	2020	2021	2020
			Audited		Audited
<b>Cash flows from operating activities</b>					
Cash receipts from customers		5 153 503	5 673 623	5 152 731	5 672 991
Cash paid to suppliers and employees		(5 917 418)	(6 905 989)	(5 916 375)	(6 905 404)
Cash used in operations	31	(763 915)	(1 232 366)	(763 644)	(1 232 413)
Interest income		81 710	64 444	81 710	64 396
Dividends received		437	487	437	487
Finance costs		(8 339)	(41 935)	(8 339)	(41 935)
Tax(paid)/refunded	33	-	(497)	-	(497)
<b>Net cash from operating activities</b>		<b>(690 107)</b>	<b>(1 209 867)</b>	<b>(689 836)</b>	<b>(1 209 962)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(116 364)	(102 234)	(116 364)	(102 184)
Sale of property, plant and equipment	32	2 405	16 410	2 405	16 422
Purchase of other intangible assets	5	(745)	(9)	(745)	(9)
<b>Net cash from investing activities</b>		<b>(114 704)</b>	<b>(85 832)</b>	<b>(114 704)</b>	<b>(85 771)</b>
<b>Cash flows from financing activities</b>					
National Treasury Funding	13	-	3 200 000	-	3 200 000
Repayment of government debt instrument		-	(2 488)	-	(2 488)
Repayment of loans and borrowings	16	(13 966)	(11 689)	(13 966)	(11 689)
Repayment of lease liabilities	35	(14 875)	(13 417)	(14 875)	(13 417)
Proceeds from government grants	17	183 549	183 546	183 549	183 546
<b>Net cash from financing activities</b>		<b>154 708</b>	<b>3 355 952</b>	<b>154 708</b>	<b>3 355 952</b>
<b>Total cash movement for the year</b>		<b>(650 103)</b>	<b>2 060 253</b>	<b>(649 833)</b>	<b>2 060 219</b>
Cash at the beginning of the year		2 132 866	72 613	2 129 579	69 360
<b>Total cash at end of the year</b>	<b>12</b>	<b>1 482 793</b>	<b>2 132 866</b>	<b>1 479 746</b>	<b>2 129 579</b>



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# ACCOUNTING Policies

## CORPORATE INFORMATION

The South African Broadcasting Corporation SOC Limited is a state-owned company, listed as a Schedule 2 entity in terms of the PFMA, and holding company of the group. It is incorporated and domiciled in South Africa. The consolidated financial statements of the group as at, and for the year ended 31 March 2021 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities'). The group is South Africa's national public broadcaster providing a free-to-air service. Information on group entities of the group is provided in note 7.

### 1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and separate audited annual financial statements are set out below.

#### 1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board, and in the manner required by the Companies Act of South Africa, 2008, the Public Finance Management Act, No. 1 of 1999, as amended, and the Broadcasting Act, No. 4 of 1999, as amended. The SABC adopted Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities issued by the Accounting Standards Board in 2015. Management made the assessment that applying IFRS is the appropriate reporting framework as the group provides services on a commercial basis in a competitive market. The group also receives insignificant funding from the government and has limited dependence on government funding. The expected government funding is a once-off and does not create continued dependency on government funding. Reporting using IFRS framework is therefore still appropriate.

The consolidated and separate annual financial statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for certain financial instruments and defined benefit asset and liability which are measured at fair value.

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 1.3.

The financial statements have been prepared on a going concern basis that assumes the group would be able to continue operating as a going concern in the foreseeable future. The accounting policies set out below have been applied consistently for all periods presented in the consolidated annual financial statements, except where an amendment was required as a result of a change in IFRS.

#### 1.2 Consolidation

##### *Basis of consolidation*

The consolidated unaudited annual financial statements incorporate the unaudited annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated unaudited annual financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### *Investments in subsidiaries in the separate financial statements*

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

#### 1.3 Significant judgements and sources of estimation uncertainty

The preparation of audited annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### *Critical judgements in applying accounting policies*

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### **1.3.1 Revenue recognition Probability of licence fee revenue**

The group believes the probability assessment used as a basis for estimating the licence fee revenue to be recognised is a significant judgement. It requires management to make professional judgements and assumptions about the probability of receiving licence fees from TV licence holders on renewal date. The probability of receiving licence fee revenue from licence holders is based on assessed ability to pay the TV licence fees and the assessed willingness of the licence holder to pay the statutory annual TV licence fee (refer to note 23).

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## Accounting Policies continued

Where it is assessed that the collection of television license fees will not be probable based on predetermined criteria, such television licence fees are not recognised. Probability is assessed on each renewal date for all active licence holders user accounts registered on the SABC's database.

### 1.3.2 Useful lives and residual values of property, plant and equipment

The group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives (See note 3). The useful life of an asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss. The expected useful lives of assets is determined by considering the components identified in the asset hierarchy and by considering the inputs from knowledgeable representatives within the departments within the SABC per component identified based on their past experiences and knowledge. In determining the expected useful lives of the assets, the current asset register was analysed to determine the average age of the assets per component where applicable. The remaining useful life of assets is informed by two parameters, age based remaining useful life and condition based remaining useful life. The final remaining useful life is determined with reference to an algorithm, which takes into account both parameters.

The residual value has in most cases been taken as zero, as the SABC has adopted the approach of utilising their assets beyond their economical useful life, considering the environment in which the SABC functions where technological advancements can render certain assets obsolete and also on the assertion that none of the assets have material residual values at the end of the expected useful life.

The useful lives of items of property, plant and equipment have been estimated as follows

Item	Depreciation method	Average useful life
Security equipment	Straight line	5 - 10 years
Buildings	Straight line	10 - 65 years
Plant and machinery	Straight line	3 - 20 years
Furniture and fittings	Straight line	3 - 20 years
Motor vehicles	Straight line	5 - 20 years
Office equipment	Straight line	5 - 15 years
Computer equipment	Straight line	3 - 5 years
Musical equipment	Straight line	1 - 30 years
Broadcast equipment	Straight line	3 - 40 years
Artwork	Straight line	Indefinite useful life

### 1.3.3 Amortisation and impairment of programme, film and sports rights and computer software

The group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports rights may have a material impact on the value of these assets reported in the Company's statement of financial position. See accounting policies 1.6 and note 6. The recoverable amount of the rights is considered zero once the licence period is expired.

The group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 1.7 and note 5.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows

Item	Amortisation method	Average useful life
Computer software	Straight line	2 - 10 years
Programme, film and sports rights*	Straight line	Accelerated basis

\* Amortisation of programme, film and sports rights is charged to profit or loss on an accelerated basis where the first transmission is expected to be more valuable than submission transmission and on a straight - line basis based on the estimated number of future showings if each showing is expected to generate similar audience.

### 1.3.4 Fair value determination

#### Determining the fair value of investment properties

An external, independent valuation company, having appropriate recognised professional qualification and recent experience in the location and category of property, has been involved in determining the fair value of the properties for disclosure purposes. The values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated revisionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

#### Determining the fair value of financial instruments

Where the fair value of the financial assets and liabilities recorded in the statement of financial position cannot be derived from the active markets, they are determined using valuation techniques including the discounted cash flow model (Level 2) The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about the facts could affect the reported fair value of the affected financial instrument. The different valuation levels are identified as follows by IFRS 13:



## Accounting Policies continued

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

### 1.3.5 Useful lives and residual values for investment properties

The group calculates depreciation of investment properties on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The estimated useful lives of rental properties is based on the physical condition of the property. The useful lives of items of investment properties is as follows:-

	Depreciation method	Average useful life
Land	Straight line	Indefinite useful life
Buildings	Straight line	20 - 40 years

Investment property was not depreciated, as the depreciation charge against investment properties now equals the residual value.

The group's approach to determining the residual value of property includes consideration of the conditions in the property market, ability of the property to generate rental income, and other economic factors.

### 1.3.6 Pension assumptions

The group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2017, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities. Annually the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the actuaries. The cost of the defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates of in-service members and pensioner mortality rates and future pension increases, withdrawal of members in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific country (i.e. PA (90) mortality table). Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 6.

### 1.3.7 Post employment medical aid assumptions

The group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as the rate of healthcare cost inflation, dis-

count rate, percentage members continuing after retirement and average retirement age of members. The key actuarial assumptions made are disclosed in note 20. Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the group's statement of financial position as well as a material impact on the group's profit. A one percentage point change in the rate of health care cost inflation would have the following effects.

	One percentage point increase	One percentage point decrease
Effect on the post-employment medical aid liability:	1335 m	1084 m

### 1.3.8 Legal matters

The group is involved in legal disputes through its normal course of business. The outcome of these legal claims may have a material impact on the group's financial position and results of operations. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods. See note 22 and 37.

### 1.3.9 Impairment of trade and other receivables and credit notes

Doubtful accounts are reported at the amount likely to be recoverable based on the historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g. lower creditworthiness of customer, dispute as to the existence of the amount of the claim, no enforceability of the claim for legal reasons etc.), the account is analysed and written down if circumstances indicate the receivable is uncollectable.

### 1.4 Investment property

Investment property are properties which are held either to earn rental income or for capital appreciation or for both. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition, investments properties are measured at cost or deemed cost less accumulated depreciation and impairment.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gains and losses arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit and loss in the period in which the property is derecognised.



## Accounting Policies continued

### 1.5 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

### 1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments, where appropriate. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition in the manner intended by management.

Office artwork represents assets that are held primarily for their decorative use in the business. Artwork is considered to have an infinite useful life and are held at cost less impairment costs.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is clas-

sified as held for sale or derecognised. Refer to accounting policy note 1.3.3 for estimated useful lives of property, plant and equipment.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

#### **Originated programme, film and sports right**

Originated programme, film and sports rights, including work commissioned from independent producers, are intangible assets with finite useful lives and are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees and production overheads. The amount initially recognised for originated asset is recognised from the date when the intangible asset first meets the recognition criteria listed below.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An originated asset arising from the development phase of an internal project is recognised if, and only if, all the following have been demonstrated: a) the technical feasibility of completing the intangible asset so that it will be available for use or sale, b) the intention to complete the intangible asset and use or sell it, c) the ability to use or sell the intangible asset, d) how the intangible asset will generate probable future economic benefits e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### **Acquired programme, film and sports rights**

Acquired programme, film and sports rights are intangible assets with finite useful lives and are stated at cost less ac-



## Accounting Policies continued

cumulated amortisation (refer to note 6) and accumulated impairment losses. Cost comprises actual acquisition cost plus language dubbing, where applicable

Acquired programme, film and sports rights are generally recognised when the license period begins, the cost of the right is known or reasonably determinable, the material has been accepted by the Group in accordance with conditions of the license agreement, and the material is available for its first transmission. If at the date of signing, a substantial degree of uncertainty exists about the availability of the material, particularly if a license agreement is signed for programme material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the programme is received and available for broadcast. Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred.

Where arrangements have been executed for the future purchase of programme, film and sports rights, but the recognition criteria above have not been met or broadcasting commenced, the arrangements are disclosed as Commitments (refer to note 36). Where payments have already been made, these are disclosed as prepayments.

Programme, film and sports rights are classified as current assets as they are expected to be realised in the Group's normal operating cycle.

Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expiry of the license period or allowed number of showings.

### Other intangible assets

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are initially measured at cost and subsequently measured at cost less accumulated amortisation (refer to note 6) and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Other intangible assets are retired when no future economic benefits are expected from the assets. The gain or loss on retirement of other intangible assets is recognised in profit or loss. Gains and losses on the retirement of items of other intangible assets are determined by comparing the proceeds on retirement with the carrying amount of the other intangible assets retired.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Refer to accounting policy note 1.3.3 for estimates of amortisation useful lives:

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

### 1.8 Financial instruments

From 1 April 2018, the SABC classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The SABC reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the SABC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Note 34 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

At initial recognition, the SABC measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### Debt instrument

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

### Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

### Fair Value through Other Comprehensive Income (OCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

### Fair Value through Profit / Loss (FVPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt invest-

## Accounting Policies continued

ment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### **Trade and other receivables**

#### **Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

#### **Recognition and measurement**

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### **Impairment**

From 1 April 2018, the SABC assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### **Measurement and recognition of expected credit losses**

For trade receivables, the SABC applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through

the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on other financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired other financial asset (FVOCI) increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired other financial assets classified as fair value through other comprehensive income is recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the group has a legal right to offset the amount and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The group's investments are recognised at amortised cost which is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted where the effect is not material.

#### **Calculation of impairment**

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its fair value, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

#### **Reversals of impairment**

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and other financial assets that are debt securities, the reversal is recognised in profit or loss. An impairment loss in respect of an investment in an equity instrument classified as other financial assets is not reversed through profit or loss.

#### **Credit risk**

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 34).

#### **Investments in equity instruments Classification**

Investments in equity instruments are presented in note 8. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain invest-



## Accounting Policies continued

ments in equity instruments as at fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

### Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 34.

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 29).

### Trade and other payables

#### Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid in-

vestments with original maturities of three months or less, and bank overdrafts shown within the loans and receivables category of financial instruments. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. Government grants received for capital expenditure are restricted to capital projects relating to the migration of analogue infrastructure to digital.

### Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost using the effective interest rate method.

## 1.9 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or

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## Accounting Policies continued

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

### 1.10 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

Lease agreements normally entered into by the group include; office space, office printers, and motor vehicles. Terms and conditions of agreements are negotiated on an individual basis, and there are no covenants associated with these agreements.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

#### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note ) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 35 Leases (group as lessee).

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

#### 1.11 Leases (Comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.12 Consumables

Consumables are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of consumables comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the consumables to their present location and condition.

The cost of consumables of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of consumables is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When consumables are sold, the carrying amount of those consumables are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.13 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.



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## Accounting Policies continued

it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The SABCO's entire operations are considered to all comprise one cash generating unit as no division is capable of generating revenues independently.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

### 1.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

### 1.15 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or construc-

tive obligation to make such payments as a result of past performance.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in Other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the group is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Other post-employment benefit obligations

The Group provides a subsidy for medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries. This practice of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2002. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in Other comprehensive income.

### 1.16 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

## Accounting Policies continued

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

### 1.17 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

### 1.18 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Advertising revenue
- Trade exchanges (non-monetary exchanges)
- Sponsorship revenue
- Licence fee revenue
- Programme rights exploitation and channel carriage fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it satisfies its performance obligations and transfers control over services to a customer.

#### Advertising revenue

Advertising revenue is recognised at the time the related advertisement or commercial is broadcast on our television and/or radio platforms to the public. The amount recognised is net of Value-Added Tax and trade discounts

#### Trade exchanges (non-monetary exchanges)

When broadcasting airtime is exchanged for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the estimated stand-alone selling price of the services subject to the specific customer contract.

#### Sponsorship revenue

Sponsorship revenue is recognised at the time sponsored programmes are aired, net of Value-Added Tax and trade discounts. The consideration in sponsorship agreements containing more than one identifiable component, such as promotional advertising time and sponsorships, is allocated to underlying components based on their stand-alone prices and accounted for in accordance with the substance of the underlying component.

#### Licence fee revenue

Management has developed its own accounting policy for TV licence fee revenue as there is no specific standard under IFRS dealing with specifically with this revenue transaction. TV licence fees revenue arises when television licence fees are due in accordance with legislation at each renewal date. Management recognises that the SABC has an obligation to provide a broadcasting service to the TV licence holder in exchange for the licence fee received. This is deemed as a performance contract and principles of IFRS requirements on similar transactions were applied. Management considered the principles of both IFRS 15 on Revenue from Contracts with Customers and IAS 20 on Government Grants. Under both accounting standards, the revenue recognition criteria would not be materially different.

As the SABC has no performance obligations remaining after renewal date, revenue is recognised when it is probable that



## Accounting Policies continued

the SABC will collect the licence fees to which it is entitled to. Where it is assessed that the collection of television licence fees will not be probable based on predefined criteria, such television licence fees are not recognised. Probability is assessed on a monthly basis for all active television licence holders user accounts registered on the SABC's database.

### **Programme rights exploitation and channel carriage fees**

The group's obligation in terms of the contract is to provide a broadcasting licence on agreed conditions for the customer to access the content material in its current state. Revenue from commercial licences for specific rights associated with television programmes and licences is recognised when there has been technical acceptance of the content material by the customer and collection of the receivable is probable, and the revenue associated with delivered and undelivered elements can be reliably measured.

Channel carriage fees licence presents a performance obligation that is satisfied over time within the contracted licence period. Progress is measured based on time the SABC channels are carried on the contracted platforms and billed on a monthly basis on accrual basis.

### **Other revenue**

Other revenue associated with the sale of goods, use of SABC media facilities and services such as mobile revenue is recognised in profit or loss when performance obligations are met and the goods or services are transferred to the buyer. Other revenue associated with the provision of services is recognised in profit or loss in proportion to the services performed to date as a percentage of total services to be performed. Other revenue/income also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### **1.19 Translation of foreign currencies Functional and presentation currency**

Items included in the unaudited annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated unaudited annual financial statements are presented in South African Rand which is the group functional and presentation currency.

### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous unaudited annual financial

statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### **1.20 Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **1.21 Related parties**

The group operates in an environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all the three spheres of government in South Africa, only parties within the national sphere of government, excluding national departments will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Company. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the group.

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the annual financial statements is to provide relevant and reliable

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## Accounting Policies continued

information and therefore materiality is considered in the disclosure of these transactions.

### 1.22 Irregular, Fruitless and Wasteful Expenditure

#### *Irregular Expenditure*

Irregular expenditure: means expenditure, incurred in contravention of or that is not in accordance with the requirement of any applicable legislation. Such expenditure is recorded in the notes to the annual financial statements. It is recorded at the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticability exists, the reasons therefore are provided in the notes. Irregular expenditure is removed from the notes when it is either (a) condoned by the National Treasury or the relevant authority; (b) it is transferred to receivables for recovery; or (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and is de-recognised when the receivable is settled or subsequently written off as irrecoverable.

#### *Fruitless and Wasteful Expenditure*

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. When confirmed, fruitless and wasteful expenditure is recorded in the notes to the financial statements. This includes particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a consequence of such fruitless and wasteful expenditure.

# NOTES to the Audited Annual Financial Statements

## 2. New Standards and Interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the standard is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the standard is not material.

### 2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2021 or later periods:

#### **IFRS 16 Leases COVID-19-related rent concessions amendments effective 1 June 2020 early adoption is permitted**

The group has not yet assessed the impact of the amendments.

#### **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases- IBOR effective 1 January 2021**

The group has not yet assessed the impact of the amendments.

#### **Amendments to IAS 1 Presentation of Financial Statements on Classification of Liabilities as Current or Non-current effective 1 January 2022**

The group has not yet assessed the impact of the amendments.

#### **Amendment to IFRS 3 Business Combinations effective 1 January 2022**

The group has assessed the impact of the amendments and it is not relevant.

#### **Amendments to IAS 16 Property, Plant and Equipment on proceeds before intended use effective 1 January 2022**

The group has not yet assessed the impact of the amendments.

#### **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets on onerous contracts - cost of fulfilling a contract effective 1 January 2022**

The group has not yet assessed the impact of the amendments.

#### **Annual improvements cycle 2018 – 2020 effective 1 January 2022**

The group has not yet assessed the impact of the amendments

#### **Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associates or joint venture**

The group has assessed the impact of the amendments and it is not relevant

#### **IFRS 17 Insurance Contracts and amendments effective 1 January 2022**

The group has not yet assessed the impact of the amendments.

## Notes to the Audited Annual Financial Statements continued

### 3. Property, Plant and Equipment

	Group and Company					
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	2021			2020		
Land	81 443	-	81 443	82 402	-	82 402
Buildings	942 031	(481 239)	460 792	941 912	(468 387)	473 525
Motor vehicles	187 717	(158 363)	29 354	187 717	(142 442)	45 275
Broadcast equipment	1 376 883	(968 198)	408 685	1 328 094	(891 173)	436 921
Other equipment	791 093	(638 643)	152 450	768 751	(608 876)	159 875
Capital - Work in progress	324 212	-	324 212	287 932	-	287 932
<b>Total</b>	<b>3 703 379</b>	<b>(2 246 443)</b>	<b>1 456 936</b>	<b>3 596 808</b>	<b>(2 110 878)</b>	<b>1 485 930</b>

#### Reconciliation of property, plant and equipment

	Group and Company						
	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Depreciation	Total
	2021						
Land	82 402	-	-	(959)	-	-	81 443
Buildings	473 525	123	-	(1)	33	(12 888)	460 792
Motor vehicles	45 275	-	-	-	-	(15 921)	29 354
Broadcasting Equipment	436 921	34 986	(106)	-	14 410	(77 526)	408 685
Other equipment	159 875	19 912	(3 632)	-	6 542	(30 247)	152 450
Capital - Work in progress	287 932	61 343	-	-	(25 063)	-	324 212
	<b>1 485 930</b>	<b>116 364</b>	<b>(3 738)</b>	<b>(960)</b>	<b>(4 078)</b>	<b>(136 580)</b>	<b>1 456 936</b>
	2020						
Land	82 402	-	-	-	-	-	82 402
Buildings	494 569	78	(7 651)	-	-	(13 471)	473 525
Motor vehicles	61 555	661	(98)	-	2 500	(19 343)	45 275
Broadcasting Equipment	456 378	28 188	(2 390)	-	37 527	(82 782)	436 921
Other equipment	184 407	4 701	(344)	-	2 872	(31 761)	159 875
Capital - Work in progress	263 607	68 606	-	-	(44 281)	-	287 932
	<b>1 542 918</b>	<b>102 234</b>	<b>(10 483)</b>	<b>-</b>	<b>(1 382)</b>	<b>(147 357)</b>	<b>1 485 930</b>

#### Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings :

Figures in R'000	Group		Company	
	2021	2020	2021	2020
		Audited		Audited
Motor vehicles	14 421	20 466	14 421	20 466
Motor vehicles financed through ABSA instalment sale				

#### Changes in estimates

The group reassesses the useful lives and residual values of items of property, plant and equipment at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The depreciation methods and average useful lives of group have been assessed and based on this analysis, the useful lives of items of property, plant and equipment have been revised. The impact of the change is considered to be significant. The net effect of the changes in estimate results in a reduction in the annual depreciation charge for the current year of R22.76 m. There was a change in the estimate of useful lives in 2020, which resulted in a reduction in the annual depreciation charge of R20.33 m.

Assuming assets are held until the end of their estimated useful lives, depreciations over the next two years will decrease.

## Notes to the Audited Annual Financial Statements continued

4. Investment Property	Cost / Valuation	Accumulated depreciation including transfers	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
<b>Group</b>						
Investment property	9 739	(375)	9 364	19 631	(9 701)	9 930
<b>Company</b>						
Investment property	9 739	(375)	9 364	19 631	(9 701)	9 930
<b>Reconciliation of investment property</b>				<b>Opening balance</b>	<b>Classified as held for sale</b>	<b>Total</b>
<b>Group and Company</b>						
<b>2021</b>						
Investment property				9 930	(566)	9 364
<b>2020</b>						
Investment property				9 930	-	9 364
<b>Figures in R'000</b>						
			<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
			<b>Audited</b>	<b>Audited</b>		<b>Audited</b>

Fair value of investment properties 47 760 68 150 47 760 68 150

Investment Properties which are under a disposal plan approved by the board of directors have been disclosed under assets held for sale.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Group.

### Details of valuation

The effective date of the valuations was Monday, 31 May 2021. Valuations were performed by an independent valuer, Valuetec property valuation (Pty) Ltd. The independent valuer is not connected to the group and has recent experience in the location and category of the investment property being valued. The SABC's accounting policy requires an independent valuation to be performed every three years. In the current year, management has assessed the fair values as still reasonable and do not require material adjustments. The next valuation will therefore be conducted in the following financial year.

The valuation was based on open market value for existing use.

### Amounts recognised in profit and loss for the year

Rental income from investment property 6 951 9 005 6 951 9 005

Investment properties comprise a commercial property leased to a third party, vacant buildings and vacant land. Information in respect of investment properties is contained in the register of fixed property which is available for inspection at the registered office of the group.

5. Intangible Assets	<b>Group and Company</b>						
	5.1 Computer software and Other	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
2021							
Computer software	430 587	(371 634)	58 953	429 160	(365 749)	63 411	
<b>Reconciliation of Computer software</b>		<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Amortisation</b>	<b>Total</b>
<b>2021</b>							
Computer software, other	63 411	745	-	682	(5 885)	58 953	
<b>2020</b>							
Computer software, other	84 414	9	(159)	1 376	(22 229)	63 411	

### Change in estimate

The group reassesses the useful lives and residual values of computer software at the end of each reporting period, in line with the accounting policy and IAS 36 Intangible assets. These assessments are based on historic analysis, benchmarking, and the latest and reliable information.

The amortisation method and average useful lives of the group have been assessed and based on this analysis, the useful lives of computer software has been revised. The impact of the change is considered to be significant. The net effect of the changes in estimate results in a reduction in the annual amortisation is R7.780 m in the current year.

Assuming assets are held until the end of their estimated useful lives, amortisation over the next two years will decrease.

## Notes to the Audited Annual Financial Statements continued

### 5.2 Programme, film and sports rights

	Group and Company					
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	2021			2020		
Acquired programme and film rights	611 870	(525 808)	86 064	540 343	(454 704)	85 639
Acquired sports right	1 073 942	(1 036 640)	37 302	966 956	(913 251)	53 704
Originated programme and film rights	5 847 881	(5 737 486)	110 395	5 102 666	(5 033 837)	68 829
Work-in-progress	252 979	(17 180)	235 798	302 841	(17 180)	285 661
<b>Total</b>	<b>7 786 672</b>	<b>(7 317 114)</b>	<b>469 559</b>	<b>6 912 806</b>	<b>(6 418 972)</b>	<b>493 833</b>

### Reconciliations of Programme, film and sports rights

	Group and Company						
	Opening balance	Additions	Cost adjustment relating to derecognised assets	Transfers	Amortisation	Net impairment reversed/ (raised)	Total
	2021						
Acquired programme and film rights	85 639	200 764	-	-	(200 440)	101	86 064
Acquired sports right	53 704	106 986	-	-	(110 794)	(12 594)	37 302
Originated programme and film rights	68 829	-	(5 238)	750 453	(703 649)	-	110 395
Work-in-progress	285 661	700 590	-	(750 453)	-	-	235 798
	<b>493 833</b>	<b>1 008 340</b>	<b>(5 238)</b>	<b>-</b>	<b>(1 014 883)</b>	<b>(12 493)</b>	<b>469 559</b>
2020							
Acquired programme and film rights	146 560	112 648	-	-	(174 125)	557	85 639
Acquired sports right	71 282	294 834	-	-	(312 411)	-	53 704
Originated programme and film rights	15 242	-	(6 175)	842 598	(783 473)	640	68 829
Work-in-progress	286 579	841 032	-	(842 598)	-	647	285 661
	<b>519 663</b>	<b>1 248 514</b>	<b>(6 175)</b>	<b>-</b>	<b>(1 270 009)</b>	<b>1 844</b>	<b>493 833</b>

## 6. Defined Benefit Asset

### Defined benefit plan

The group's Pension Fund is a funded defined benefit pension fund, that is registered and governed in terms of the Pension Funds Act, No. 24 of 1956 and Pension Funds Second Amendment Act, No. 39 of 2001. It provides pension fund benefits for all its members in the form of a guaranteed level of pension payable for life. The financial position of the fund is examined and reported upon by the fund's valuator at intervals not exceeding three years. The last statutory valuation of the Fund was performed at 31 December 2017, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities.

The level of benefits provided depends on members' length of service and their final salary in the final years leading up to retirement. Pension increases are defined in the rules of the fund where increases will be the lesser of 100% of headline inflation to the preceding 31 March; or the percentage increase that can be afforded out of investment earnings. The trustees may grant increases in excess of the above mentioned provided that the funding level in the pensions account does not reduce to below 114%. The governance of the fund is a joint responsibility of the board of trustees and the group. The board of trustees must be composed of representatives of the group and fund members in accordance with regulations and the rules of the fund.

## Notes to the Audited Annual Financial Statements continued

There were no amendments, curtailments or settlements on the pension fund.

The defined benefit pension plan is actuarially valued annually at year end using the Projected Unit Credit Method for the financial statements. These valuations are performed by actuaries and the results are as follows:

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Opening balance	775 103	2 049 940	775 103	2 049 940
Actuarial gain/(loss) recognised in OCI, including asset ceiling	700 976	(1 298 967)	700 976	(1 298 967)
Amounts recognised in profit/loss	79 630	(221 388)	79 630	(221 388)
Employer contributions	240 764	245 518	240 764	245 518
<b>Closing balance</b>	<b>1 796 473</b>	<b>775 103</b>	<b>1 796 473</b>	<b>775 103</b>

### The amounts recognised in the statement of financial position are determined as follows:

Present value of funded obligations	(10 955 534)	(9 814 426)	(10 955 534)	(9 814 426)
Fair value of plan assets	13 402 550	10 589 529	13 402 550	10 589 529
Funded status of plan assets	2 447 016	775 103	2 447 016	775 103
Funded status of plan assets	(650 543)	-	(650 543)	-
<b>Assets recognised in the statement of financial position</b>	<b>1 796 473</b>	<b>775 103</b>	<b>1 796 473</b>	<b>775 103</b>

### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	9 814 426	10 771 417	9 814 426	10 771 417
Current service cost	213 513	298 608	213 513	298 608
Interest cost	995 864	1 055 101	995 864	1 055 101
Actuarial (gain)/loss	888 004	(1 567 932)	888 004	(1 567 932)
Benefits paid	(1 043 459)	(832 046)	(1 043 459)	(832 046)
Employee contributions	87 186	89 278	87 186	89 278
<b>Closing defined benefit obligation</b>	<b>10 955 534</b>	<b>9 814 426</b>	<b>10 955 534</b>	<b>9 814 426</b>

### Changes in the fair value of plan assets are as follows:

Opening balance	10 589 529	12 821 357	10 589 529	12 821 357
Employee contributions	87 186	89 274	87 186	89 274
Employer contributions	240 764	245 518	240 764	245 518
Benefits paid	(1 043 459)	(832 046)	(1 043 459)	(832 046)
Expected returns on plan assets	1 289 007	(2 840 846)	1 289 007	(2 840 846)
Fund expenses	(25 086)	(26 049)	(25 086)	(26 049)
Interest Income	2 264 609	1 132 321	2 264 609	1 132 321
<b>Fair value plan assets at the end of the year</b>	<b>13 402 550</b>	<b>10 589 529</b>	<b>13 402 550</b>	<b>10 589 529</b>

### The amounts recognised in profit or loss are determined as follows:

Current service cost	(213 513)	(298 608)	(213 513)	(298 608)
Interest income/(cost)	293 143	77 220	293 143	77 220
The amounts recognised in a statement of other comprehensive income are determined as follows:	700 976	(1 298 967)	700 976	(1 298 967)
Actuarial (gain)/loss	(1 563 633)	1 541 884	(1 563 633)	1 541 884
Expected return on plan assets	2 264 609	(2 840 847)	2 264 609	(2 840 847)
<b>Net periodic pension charge</b>	<b>780 606</b>	<b>(1 520 355)</b>	<b>780 606</b>	<b>(1 520 355)</b>

### The principal actuarial assumptions at the reporting date (expressed as weight averages) are as follows:

	2021	2020	2019
Discount Rate at 31 March	12,25 %	12,60 %	10,34 %
Inflation	7,30 %	6,75 %	6,20 %
Future salary increases	8,80 %	8,25 %	7,70 %
Future pension increases	7,30 %	6,75 %	6,20 %

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## Notes to the Audited Annual Financial Statements continued

Plan assets comprises:	2021		2020		2019	
	R'000	%	R'000	%	R'000	%
Domestic equity	6 312 601	47,10 %	4 500 550	42,50 %	6 628 642	51,70 %
Bonds	2 559 887	19,10 %	2 202 622	20,80 %	2 282 202	17,80 %
Cash	254 648	1,90 %	243 559	2,30 %	280 050	2,20 %
Property	268 051	2,00 %	211 791	2,00 %	435 926	3,40 %
Foreign assets	4 007 363	29,90 %	3 431 007	32,40 %	3 192 518	24,90 %
	<b>13 402 550</b>	<b>100,00 %</b>	<b>10 591 549</b>	<b>100,00 %</b>	<b>12 821 357</b>	<b>100,00 %</b>

	2021	2020	2019	2018	2017	2016
	R'000	R'000	R'000	R'000	R'000	R'000
Defined benefit obligation	(10 955 534)	(9 814 426)	(10 771 417)	(11 608 061)	(10 952 377)	(11 345 970)
Plan assets	13 402 550	10 589 529	12 821 357	12 460 933	12 286 049	12 151 390
Asset ceiling adjustment	(650 543)	-	-	-	-	-
<b>Surplus</b>	<b>1 796 473</b>	<b>775 103</b>	<b>2 049 940</b>	<b>852 872</b>	<b>1 333 672</b>	<b>805 420</b>

The defined benefit pension plan typically exposes the Group to actuarial risks such as:

Salary inflation	The retirement benefits liability is linked to salary inflation. Higher salary inflation than expected will lead to higher values of the defined benefit when it becomes due.
Investment return	If the investment return earned on the Fund's assets is lower than expected in the period leading up to an eligible member's benefit, this increases the risk that the Employer will have to settle a larger balance of cost associated with the benefit.
Cash flow risk	The Employer meets the balance of the cost of providing benefits to the defined benefit members. The Employer's current contribution rate is 16.5%.  There is a risk to the Employer that, due to unforeseen circumstances, funds may not be available at the time that they are required to meet the balance of cost of providing benefits.
Changes in bond yields	A decrease in the bond yields, which are used to determine the discount rate at which the projected benefit at retirement is discounted to the valuation date, will increase the Employer's retirement benefits liability. This will be partially offset by an increase in the value of the plan asset's bond holdings.  High volatility in the above rates may lead to volatile balance sheet and income statement disclosures.
Longevity risk	The longevity risk is the risk that pensioners will live longer than expected. Possible contributing factors are medical advances, better health care and greater emphasis on following healthier lifestyles. This would lead to benefits being payable for longer than expected.
Future changes in legislation	The Employer is required by the Pension Funds Act to adhere to any new legislation changes published by the FSCA.  There is a risk to the Employer that the changes in legislation may lead to increases in the balance of cost of providing benefits.

#### Sensitivity Analysis

Although the Corporation expects no salary increases until it returns to profitability, reasonable possible changes in one of the significant actuarial assumptions at the end of the reporting period, keeping all other assumptions constant, would have the following effect on the defined benefit obligation as displayed below:

Inflation (pension and salary increase rates)	1% decrease	Base (7.3%)	1% increase
Discount rate	(10 141 524)	(10 955 534)	(11 950 131)
Post-retirement mortality improvements	1% decrease	Base (12.25%)	1% increase
	(12 633 121)	(10 955 534)	(9 688 076)
Post-retirement mortality improvements	Base (0.5% decrease)	Valuation basis	Base (0.5% increase)
	(10 709 247)	(10 955 534)	(11 266 851)

#### 7. Investment in Subsidiaries

Name of company	Held by	Nature of business	% holding		Carrying amount	Carrying amount
			2021	2020	2021	2020
SABC Airwave Travel (Proprietary) Limited	SABC	Travel agency	100.00 %	100.00 %	-	-
SABC Foundation NPC	SABC	Foundation	- %	- %	-	1 761

Both subsidiaries have ceased operations and are in process of deregistration. The deregistration of SABC Airwaves Travel (Pty) Ltd was published on CIPC notice no 25A in the publication no 2028 of 25 January 2021.

The SABC does not hold shares in the SABC Foundation NPC. However, control is exerted as the SABC board has control of the SABC Foundation through its board appointments.

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## Notes to the Audited Annual Financial Statements continued

8. Other Financial Assets	Group		Company	
	2021	2020	2021	2020
Figures in R'000		Audited		Audited
<b>At fair value through OCI - designated</b>				
Listed shares	-	7 319	-	7 319
143,257 shares designated as FVTOCI				
<b>At fair value through profit or loss - held for trading</b>				
Listed shares	8 528	-	8 528	-
143257 shares reclassified to FVTPL				
<b>Total other financial assets</b>	<b>8 528</b>	<b>7 319</b>	<b>8 528</b>	<b>7 319</b>
<b>Non-current assets</b>				
Opening balance	-	10 567	-	10 567
Fair value adjustment OCI reclassification date	-	(3 248)	-	(3 248)
	-	<b>7 319</b>	-	<b>7 319</b>
<b>Current assets</b>				
Held for trading (fair value through income)	8 528	-	8 528	-
	<b>8 528</b>	<b>7 319</b>	<b>8 528</b>	<b>7 319</b>

### Fair value hierarchy of other financial assets

The other financial assets listed below are analysed by hierarchy levels defined as follows:

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

#### Level 1

Class 1 (e.g. Listed shares)	8 528	7 319	8 528	7 319
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The group has reclassified financial assets designated as fair value through OCI to fair value held for trading where gains/losses are recognised in profit or loss

## 9. Prepayments

Programme, film and sports rights	103 886	56 406	103 886	56 406
Software licences	7 322	18 068	7 322	18 068
Other-commercial utilities	7 457	1 321	7 457	1 321
Total	118 665	75 796	118 665	75 796
Less: Current Portion	(100 231)	(17 708)	(100 231)	(17 708)
Non-current portion	18 434	58 088	18 434	58 088

## 10. Consumables

Finished goods	4 307	4 524	4 307	4 524
	4 307	4 524	4 307	4 524
Inventories (write-downs)	(244)	(245)	(244)	(245)
	<b>4 063</b>	<b>4 279</b>	<b>4 063</b>	<b>4 279</b>

## 11. Trade and Other Receivables

### Financial instruments:

Trade receivables	568 542	620 952	568 542	620 952
Allowances for discounts, rebates and returns	-	-	-	-
Loss allowance	(37 299)	(51 206)	(37 299)	(51 206)
Trade receivables at amortised cost	531 243	569 746	531 243	569 746
Other receivable	102 590	273 580	103 362	273 580

### Non-financial instruments:

VAT	-	-	-	-
<b>Total trade and other receivables</b>	<b>633 833</b>	<b>843 326</b>	<b>634 605</b>	<b>843 326</b>

### Split between non-current and current portions

Current assets	633 833	843 326	634 605	843 326
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### Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	633 833	843 326	634 605	843 326
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## Notes to the Audited Annual Financial Statements continued

### Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

The SABC applies credit policy in managing the credit management of customers. The credit management process entails assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. The compliance with credit limits by wholesale customers is regularly monitored by line management. Each customer's credit profile is determined and affects the allowable credit terms and credit limits.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 54 days (2020: 38 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no material changes in the estimation techniques or significant assumptions made during the current reporting period, except for the increased provision matrix rates to incorporate COVID 19 pandemic impact.

Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
	2021		2020	
	<b>Group</b>			
Not past due	504 799	-	541 085	-
Less than 30 days past due	21 208	-	34 601	-
31 - 60 days past due	7 074	-	6 381	-
61 - 90 days past due	1 695	-	4 684	-
91 - 120 days past due	1 540	-	2 195	-
More than 120 days past due	32 226	-	32 006	-
Expected credit loss: 4.42% (2020: 5.59%)	-	(25 135)	-	(34 671)
Provision for credit notes: 2.14% (2020: 3.21%)	-	(12 164)	-	(16 536)
<b>Total</b>	<b>568 542</b>	<b>(37 299)</b>	<b>620 952</b>	<b>(51 207)</b>
	<b>Company</b>			
Not past due	504 799	-	541 085	-
Less than 30 days past due	21 208	-	34 601	-
31 - 60 days past due	7 074	-	6 381	-
61 - 90 days past due	1 695	-	4 684	-
91 - 120 days past due	1 540	-	2 195	-
More than 120 days past due	32 226	-	32 006	-
Expected credit loss: 4.42% (2020: 5.59%)	-	(25 135)	-	(34 671)
Provision for credit notes: 2.14% (2020: 3.21%)	-	(12 164)	-	(16 536)
<b>Total</b>	<b>568 542</b>	<b>(37 299)</b>	<b>620 952</b>	<b>(51 207)</b>

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Figures in R'000	Group		Company	
	2021	2020	2021	2020
	<b>Audited</b>		<b>Audited</b>	
<b>Opening balance in accordance with IFRS 9</b>	<b>(51 206)</b>	<b>(44 335)</b>	<b>(51 206)</b>	<b>(44 335)</b>
Provisions reversed on settled trade receivables	4 673	6 123	4 673	6 123
Other	9 234	(12 995)	9 234	(12 995)
<b>Closing balance</b>	<b>(37 299)</b>	<b>(51 207)</b>	<b>(37 299)</b>	<b>(51 207)</b>

### Exposure to currency risk

Refer to note 34 for details of currency risk management for trade receivables.

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## Notes to the Audited Annual Financial Statements continued

### Analysis of Impairment of trade receivables expenses

Impairment of trade receivables expense in the Statement of profit or loss consists of:

Figures in R'000	Group		Company	
	2021	2020	2021	2020
		Audited		Audited
Loss allowance	(13 907)	6 872	(13 907)	6 872
TV Licence debtor impairment	113 934	69 502	113 934	69 502
	<b>100 027</b>	<b>76 374</b>	<b>100 027</b>	<b>76 374</b>

### 12. Cash and Cash Equivalents

Cash and cash equivalents consist of:

Cash on hand	873	1 040	873	1 040
Bank balances	37 445	29 026	34 398	25 739
Short-term deposits	1 444 475	2 102 800	1 442 175	2 102 800
Other cash and cash equivalents	-	-	2 300	-
	<b>1 482 793</b>	<b>2 132 866</b>	<b>1 479 746</b>	<b>2 129 579</b>

The corporation entered into a direct financing facility of R280 000 000 with a maximum term facility of 90 days from statement date of approved debts at prime 0.5% per annum. An annual facility of 1% of the facility amount was payable on the date of signature of the facility letter. Any excess over the approved facility amount will attract an interest charge of prime plus 8%.

Security pledged over the facility is as follows:-

- First cession over the book debts
- Cession over credit insurance
- Cession over the clearing accounts debtors will be paying into

### 13. Share Capital

#### Authorised

Ordinary shares (no par value)	1 001	1 001	1 001	1 001
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On 5 September 2019, the SABC received confirmation of an allocation from the Contingency Reserve through the Adjustments Appropriation Bill B16-2019 amounting to R3.2 bn. The appropriation was for payment of financial assets and provided as a recapitalisation equity injection. In a Board meeting held on 31 January 2020, the Board of Directors resolved that amendments to the Memorandum of Incorporation (Mol) be made to issue 1 (one) ordinary share to the Government of the Republic of South Africa at an aggregate issue price of R3.2 bn. The Mol has been amended and changes lodged with the CIPC.

#### Reconciliation of number of shares issued:

Reported as at 1 April 2020	1 001	1 000	1 001	1 000
Issue of shares – ordinary shares	-	1	-	1
	<b>1 001</b>	<b>1 001</b>	<b>1 001</b>	<b>1 001</b>

#### Issued

Ordinary	3 200 001	3 200 001	3 200 001	3 200 001
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### 14. Fair Value Adjustment Reserve

Opening balance	6 412	8 932	6 412	8 932
Gains (losses) arising during the year	939	(2 520)	939	(2 520)
Reclassification of cumulative gain to profit/loss	(7 351)	-	(7 351)	-
<b>Closing balance at 31 March</b>	<b>-</b>	<b>(6 412)</b>	<b>-</b>	<b>(6 412)</b>

The fair value adjustment reserve relates to fair value adjustments of other financial assets which were reclassified at year end to profit/loss.



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## Notes to the Audited Annual Financial Statements continued

15. Government Debt Instrument Figures in R'000	Group		Company	
	2021	2020	2021	2020
		<b>Audited</b>		<b>Audited</b>
Government debt instrument	14 913	14 913	14 913	14 913
Non-current portion	14 913	14 913	14 913	14 913
Perpetual debt	14 913	14 913	14 913	14 913
Redeemable long-term portion	-	-	-	-
Current portion	-	-	-	-
	<b>14 913</b>	<b>14 913</b>	<b>14 913</b>	<b>14 913</b>

On 1 February 1972, the Company's shareholder converted a long-term loan into non-redeemable capital. The permanent capital was previously not repayable. The National Treasury on 7 November 2016 provided the SABC with an approval to redeem a portion of the perpetual debt amounting to R12.477 m over three years. At the beginning of the 2017/18, R6.592 m was redeemed, R3.397 m was redeemed in 2018/19 and a final instalment of R2.488 m has been made in 2019/20 financial period.

In terms of the Exchequer Act, No. 66 of 1975, as amended, interest is payable, at a rate of 6.5% per annum on the outstanding capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - Financial Instruments: Presentation, because of the underlying obligation to deliver cash in the form of future interest payments to the group's shareholder.

## 16. Loans and Borrowings

### Held at amortised cost

#### Secured

ABSA instalment sale facility for vehicles payable over five years bearing variable interest of prime less 1.50% per annum. The contract was entered into on 20 October 2015. The instalment sale is repayable in monthly payments of R1.1 m.

	Group and Company		
	Balance	Cash flows	Balance
Installment sale liabilities	3 764	(13 966)	17 730
Less: Current portion transferred to current liabilities	(3 764)	9 467	(13 231)
<b>Non-current portion</b>	<b>-</b>	<b>(4 499)</b>	<b>4 499</b>

Installment sale liabilities	Minimum lease payments		Interest		Principal	
	R'000	R'000	R'000	R'000	R'000	R'000
Less than one year	3 764	56	3 708	14 656	1 425	13 231
Later than one year but not later than five years	-	-	-	4 534	35	4 499
<b>Total</b>	<b>3 764</b>	<b>56</b>	<b>3 708</b>	<b>19 190</b>	<b>1 460</b>	<b>17 730</b>

17. Deferred Government Grant	Group and Company	
	2021	2020
Balance on 1 April	303 427	318 406
Amounts received during the year:	183 549	183 546
Amounts received during the year for Community radio stations	-	-
Amounts received during the year for Education projects	123 795	120 646
Amounts received during the year for Channel Africa projects	55 130	53 321
Amounts received during the year for SETA Grants	4 624	9 579
Amounts recognised in profit or loss (including amortisation and depreciation of assets acquired with the grant)	(195 634)	(198 525)
Balance on 31 March	291 342	303 427
Less: Current portion	(177 587)	(153 281)
<b>Non-current portion</b>	<b>113 755</b>	<b>150 146</b>

In February 2005, the Department of Communications and National Treasury committed an amount of R700 m including VAT to the group over a period of five years, in order to facilitate the group's migration from analogue to digital technical infrastructure. Additional amounts were contributed by the Departments during 2010/11 (R150 m including VAT), 2013/14 (R76 m including VAT) and 2014/15 (R62 m including VAT). The total amount of grant funding for digital technical infrastructure received to date is R988 m since 2005. This grant is recognised to profit/ loss in line with the depreciation amount. The carrying amount of grant funded assets as at 31 March 2021 is R157 m.

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## Notes to the Audited Annual Financial Statements continued

### 18. Deferred Tax

Deferred tax liability Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Property, plant and equipment	(84 633)	(77 515)	(84 633)	(77 515)
Defined benefit asset	(503 012)	(217 029)	(503 012)	(217 029)
Programme, film and sports rights	(10 892)	(4 408)	(10 892)	(4 408)
Available-for-sale financial assets	(2 031)	(1 322)	(2 031)	(1 322)
Doubtful debt allowance - non TV licences	(2 611)	(6 268)	(2 611)	(6 268)
Doubtful debt allowance -TV licences	(4 460 998)	(3 322 556)	(4 460 998)	(3 322 556)
Prepayments	(379)	(4 337)	(379)	(4 337)
Operating lease receivable	(314)	(295)	(314)	(295)
Section 24C	(34 711)	(32 861)	(34 711)	(32 861)
<b>Total deferred tax liability</b>	<b>(5 099 581)</b>	<b>(3 666 591)</b>	<b>(5 099 581)</b>	<b>(3 666 591)</b>
<b>Deferred tax asset</b>				
Operating lease liability/RoU assets	14 499	12 477	14 499	12 477
Variable remuneration	54 200	63 350	54 200	63 350
Straight-lining of operating leases	466	463	466	463
PRMA	335 632	263 732	335 632	263 732
Deferred income	88 303	134 581	88 303	134 581
Other payables and provisions	126 295	134 127	126 295	134 127
Amounts accrued not received-TV licences	5 249 315	3 898 286	5 249 315	3 898 286
Donations deductible in future	2 255	14 855	2 255	14 855
Tax Loss	393 991	165 356	393 991	165 356
Deferred tax balance from temporary differences other than unused tax losses	6 264 956	4 687 227	6 264 956	4 687 227
<b>Total deferred tax asset</b>	<b>6 264 956</b>	<b>4 687 227</b>	<b>6 264 956</b>	<b>4 687 227</b>
Deferred tax liability	(5 099 581)	(3 666 591)	(5 099 581)	(3 666 591)
Deferred tax asset	6 264 956	4 687 227	6 264 956	4 687 227
<b>Total net deferred tax asset</b>	<b>1 165 375</b>	<b>1 020 636</b>	<b>1 165 375</b>	<b>1 020 636</b>

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

#### Deferred tax attributable to:

Total net deferred tax asset	1 165 375	1 020 636	1 165 375	1 020 636
Cumulative tax loss not recognised	(393 991)	(165 356)	(393 991)	(165 356)
Timing difference - profit or loss	(771 384)	(855 280)	(771 384)	(855 280)
Timing difference - other comprehensive income	-	-	-	-
<b>Closing balance of deferred tax recognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

All movements in the temporary differences described above, have been recognised in profit or loss and other comprehensive income, as follows:

Deferred tax liability as at 1 April	-	-	-	-
Deferred tax recognised in profit and loss	(39 976)	(680 356)	(39 976)	(680 356)
Current year loss	(280 640)	542 070	(280 640)	542 070
Deferred tax loss not recognised	39 976	137 789	39 976	137 789
Taxable / (deductible) temporary difference on health care benefits	-	497	-	497
Deferred tax on 31 March	280 640	-	280 640	-
Opening tax loss	629 280	2 518 774	629 280	2 518 774
Current year created (income)/loss	1 002 285	(1 937 740)	1 002 285	(1 937 740)
Over/Under	-	48 246	-	48 246
<b>Available for utilisation in future years</b>	<b>1 631 565</b>	<b>629 280</b>	<b>1 631 565</b>	<b>629 280</b>

The deferred tax asset in relation to TV licence gross income (section 1 of the Income Tax Act No. 58 of 1962) and the deferred tax liability in relation to the application of section 11(j) of the Income Tax Act No. 58 of 1962 ) is based on the best estimate as at 31 March 2020 and is subject to South African Revenue Service ruling.

The group has not recognised a deferred tax asset in respect of assessed loss as management considers that it is no longer probable that the group will generate taxable income to utilise the deferred tax asset. In the event that the group returns to profitability, it will have a deferred tax asset of R1165 m available for future utilisation.



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## Notes to the Audited Annual Financial Statements continued

### 19. Employee Benefits Obligation

Non-current statement of financial position obligations for:

Figures in R' 000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Post-employment medical benefits*	1 198 687	941 900	1 198 687	941 900
Leave pay	1 375	3 228	1 375	3 228
Long service awards	85 182	93 540	85 182	93 540
	<b>1 285 244</b>	<b>1 038 668</b>	<b>1 285 244</b>	<b>1 038 668</b>

Current statement of financial position obligations for:

Employee incentive	45 372	42 576	45 372	42 576
Leave pay	135 462	160 452	135 462	160 452
Long service awards	6 567	6 604	6 567	6 604
	<b>187 401</b>	<b>209 632</b>	<b>187 401</b>	<b>209 632</b>

Total Statement of Financial Position obligations for employee benefits	1 472 645	1 248 300	1 472 645	1 248 300
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Statement of Profit and loss (see also note 25):

Post-employment medical benefits	131 509	120 709	131 509	120 709
Leave pay	64 841	43 435	64 841	43 435
Long service awards	16 394	10 967	16 394	10 967
	<b>212 744</b>	<b>175 111</b>	<b>212 744</b>	<b>175 111</b>

The group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%, 75% and 100% consistent with the 2019 valuation scenario. The plan is only open to employees who joined SABC before 1 June 2002. There are different levels of post-employment subsidy namely;

- staff who retired between 1979 and 31 March 1990 with past service greater than 5 years, receive a 100% medical aid subsidy from SABC;
- staff who retired between 1979 and 31 March 1990 with past service of less than 5 years receives a 75% medical aid subsidy from SABC;
- staff who retired from 1 April 1990 and thereafter receives a 60% subsidy.
- Not all in receipt of a post-employment subsidy are retired on SABC Pension Fund. There are a select group of Non-Pensioner Retirees whom qualified for post-employment subsidies. The method of accounting, significant assumptions and the frequency of the valuation are similar to those used for the defined benefit pension scheme as set out with the addition of the Healthcare cost inflation of 7,5%.

The amount recognised in the Statement of Financial Position is determined as follows:

Present value of unfunded obligations

Post-employment medical benefits	1 198 687	941 900	1 198 687	941 900
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Changes in the present value of the post-employment medical benefits are as follows:

Opening defined benefit obligation	941 900	1 066 141	941 900	1 066 141
Current service cost	10 724	13 680	10 724	13 680
Interest cost	120 785	107 029	120 785	107 029
Subsidy payments	(62 442)	(60 311)	(62 442)	(60 311)
Actuarial (gain)/loss	187 720	(184 639)	187 720	(184 639)
<b>Closing defined benefit obligation</b>	<b>1 198 687</b>	<b>941 900</b>	<b>1 198 687</b>	<b>941 900</b>

The amount recognised in profit or loss is determined as follows:	131 509	120 709	131 509	120 709
Current service cost	10 724	13 680	10 724	13 680
Interest cost	120 785	107 029	120 785	107 029

The amount recognised in other comprehensive income is determined as follows:

Actuarial (gain)/loss on post-employment medical benefits	187 720	(184 639)	187 720	(184 639)
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Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income

	<b>319 229</b>	<b>(63 930)</b>	<b>319 229</b>	<b>(63 930)</b>
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## Notes to the Audited Annual Financial Statements continued

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

Discount rate at 31 March	12,40 %	13,30 %
Medical inflation rate per annum	8,90 %	8,90 %
Take-up rate by retired employees	30,00 %	30,00 %

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Post-employment medical benefits obligations	1 198 687	(941 900)	(1 066 141)	(1 096 169)	(989 173)

### Sensitivity Analysis

	1% decrease	Base (8.90%)	1% Increase
Healthcare cost inflation	(1 084 304)	(1 198 687)	(1 334 637)
Discount rate	(1 334 706)	(1 198 687)	(1 085 737)
Post-retirement mortality improvements	-1 year (1 233 898)	Valuation Base (1 198 687)	+1 year (1 163 534)

The above sensitivity analysis is based on a change in one of the significant actuarial assumptions at the end of the reporting date, keeping all other assumptions constant. When calculating the sensitivity of the employee benefits obligation to the significant actuarial assumptions the projected unit credit method has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not materially change compared to the previous period.

The amount recognised in the Statement of Financial Position is determined as follows:

Figures in R'000	Group		Company	
	2021	2020	2021	2020

### Present value of unfunded obligations

Long service awards	91 749	100 144	91 749	100 144
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### Changes in the present value of the long service awards are as follows:

Opening defined benefit obligation	100 144	69 560	100 144	69 560
Current service cost	6 604	4 595	6 604	4 595
Interest cost	9 790	6 372	9 790	6 372
Benefits payments	(14 696)	(10 302)	(14 696)	(10 302)
Actuarial (gain)/loss	(10 093)	29 919	(10 093)	29 919
<b>Closing defined benefit obligation</b>	<b>91 749</b>	<b>100 144</b>	<b>91 749</b>	<b>100 144</b>

The amount recognised in profit or loss is determined as follows:	16 394	10 967	16 394	10 967
Current service cost	6 604	4 595	6 604	4 595
Interest cost	9 790	6 372	9 790	6 372

### The amount recognised in other comprehensive income is determined as follows:

Actuarial (gain)/loss	(10 093)	29 919	(10 093)	29 919
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### Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income

	6 301	40 886	6 301	40 886
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The principal actuarial assumptions in respect of long service awards at the reporting date (expressed as weighted averages) are as follows:

Discount rate at 31 March	8,65 %	10,55 %
Rate of salary increase	6,30 %	6,55 %

	2021 R'000	2020 R'000	2019 R'000
Long service award obligation	(91 749)	(100 144)	(69 560)

### Sensitivity Analysis

	1% decrease	Valuation Basis	1% Increase
Salary Inflation	(89 925)	(91 749)	(93 815)
Discount rate	(99 798)	(91 749)	(84 692)



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## Notes to the Audited Annual Financial Statements continued

### Long service awards

The group provides long service awards to its employees on 5 year continuous service intervals; it starts from 5 years of service to 45 years of service. These awards are unfunded and are provided for based on actuarial valuations performed annually. These awards consist of a cash portion as well as a gift portion, where continuous service reach 30 years and more; 5 days of long service leave is also granted and for each subsequent 5-year interval. To determine the present value of the obligation the Projected Unit Credit Method is used.

The principal actuarial assumptions in respect of long term leave pay at the reporting date (expressed as weighted averages) are as follows:

Discount rate at 31 March	6,85 %	9,05 %
Rate of salary increase	5,15 %	6,55 %

### 20. Other Non-Current Liabilities

Figures in R'000	Group		Company	
	2021	2020	2021	2020
	Audited		Audited	
Competition Commission penalty - non current portion	4 180	20 064	4 180	20 064

The SABC was fined by the Competition Commission for breach of competitive behaviour in the advertising industry. Included in the accruals is an amount of R14.88m which is payable the following financial year.

### 21. Trade and Other Payables

#### Financial instruments:

Trade payables	40 798	210 321	40 798	210 321
Accruals	182 245	285 371	182 011	284 821
Accrued expense - Programme, film & sports rights	130 743	125 516	130 743	125 516
Other payables	115 667	120 149	115 946	120 129
	<b>469 453</b>	<b>741 357</b>	<b>469 498</b>	<b>740 787</b>

#### Non-financial instruments:

Personnel related liabilities	199 748	58 684	199 748	58 684
VAT	56 255	18 629	56 255	18 629
	<b>725 456</b>	<b>818 670</b>	<b>725 501</b>	<b>818 100</b>

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	725 456	818 670	725 501	818 100
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#### Exposure to currency risk

Refer to note 34 Financial instruments and financial risk management for details of currency risk management for trade payables.

### 22. Provisions

Reconciliation of provisions	Group and Company				
	2021				
	Opening balance	Additions	Utilised during the year	Reversed during the year	Closing balance
Legal proceedings	226 989	18 393	-	(20 036)	225 346
Other provisions	75 423	109 823	(7 665)	(102 501)	75 080
	<b>302 412</b>	<b>128 216</b>	<b>(7 665)</b>	<b>(122 537)</b>	<b>300 426</b>
	2020				
Legal proceedings	207 626	20 325	-	(962)	226 989
Other provisions	48 690	29 110	-	(2 377)	75 423
	<b>256 316</b>	<b>49 435</b>	<b>-</b>	<b>(3 339)</b>	<b>302 412</b>

• Legal claims against the SABC were instituted by various individuals/institutions and a provision has been raised in that regard. Certain of these matters are before the courts and others the Group is attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Refer to note 1.15 for basis of estimates and assumptions in determining any provision raised.

• Other provisions include provisions for royalties to RISA and operating expenditures that is expected to be incurred in the next 12 months.

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## Notes to the Audited Annual Financial Statements continued

### 23. Revenue

Revenue from contracts with customers Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Mobile revenue	14 402	8 972	14 402	8 972
Channel carriage fees	197 033	188 701	197 033	188 701
Programme rights exploitation rights	31 588	30 984	31 588	30 984
Advertising revenue	3 345 721	4 086 648	3 345 721	4 086 648
Sponsorship revenue	354 406	322 738	354 406	322 738
Licence fees	788 426	791 287	788 426	791 287
Business enterprise and facilities revenue	25 992	24 626	25 992	24 626
	<b>4 757 568</b>	<b>5 453 956</b>	<b>4 757 568</b>	<b>5 453 956</b>
<b>Revenue other than from contracts with customers</b>				
Revenue recognised from government grants	195 634	198 525	195 634	198 525
	<b>4 953 202</b>	<b>5 652 481</b>	<b>4 953 202</b>	<b>5 652 481</b>

At each annual renewal date, a licence holder is billed their prescribed annual licence fee in terms of legislation. Due to the high levels of fee payment evasion by licence holders, the group assesses the probability of receiving the licence fees on an individual account basis. Where the timing and amount of receipt cannot be reliably measured and receipt is not considered probable, revenue is not recognised. During the year TV Licences amounting to R4.416 bn (2020: R4.080 bn) were billed of which only R788.4 m (2020: R791.2 m) met the probability recognition criteria Disaggregation of revenue from contracts with customers

#### Contract liabilities

Advertising revenue received in advance	43 020	23 269	43 020	23 269
TV licence income received in advance	98 478	73 976	98 478	73 976
Sponsorship revenue received in advance	49 904	266 042	49 904	266 042
<b>Total contract liabilities</b>	<b>191 402</b>	<b>363 287</b>	<b>191 402</b>	<b>363 287</b>

Contract liability relates to payments received in advance of performance under a contract. Contract liabilities are recognised as revenue as (or when) the SABC fulfils performance obligations under the contract. All unsatisfied performance obligations are expected to be completed within one year from reporting date.

#### Contract assets

TV Licence (unmatched to account holders)	19 380	18 552	19 380	18 552
Sponsorship (unbilled revenue)	-	243 864	-	243 864
	<b>19 380</b>	<b>262 416</b>	<b>19 380</b>	<b>262 416</b>

Contract assets are recognised to the extent that performance obligations have been performed by the group and that revenue has been recognised in accordance with IFRS 15 Revenue from contracts with customers, but for which the group's right to consideration is not yet unconditional. For TV Licence fees this would be licences renewed through an agent for which a valid licence in the name of the account holder is yet to be ratified and issued to the corporation. When the right to consideration becomes unconditional, the contract asset is transferred to trade receivables

In response to the Covid-19 pandemic and its economic consequences, clients were renegotiating their committed advertising & sponsorship deals running as at reporting date. These negotiations delayed the normal unconditional trading agreements with which values recognised in contract assets would have been set-off against values recognised in contract liabilities. The effect of this was a significant decrease in both contract assets and contract liabilities as at 31 March 2021.

#### (i) Significant change in contract assets and liabilities

	Contract assets and liabilities			
Revenue recognised that was included in contract liability at beginning of period	(363 287)	(82 845)	(363 287)	(82 845)
Increase due to cash received, excluding amounts recognised as revenue during the period	191 402	363 287	191 402	363 287
	<b>(171 885)</b>	<b>280 442</b>	<b>(171 885)</b>	<b>280 442</b>

All consideration from contracts with customers is included in the amounts of contract liabilities presented above. Contract liabilities are all expected to be recognised in revenue in 12 months succeeding the financial year end. The group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The group applies the practical expedient in paragraph C5 (c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and when revenue is expected to be recognised as revenue in 2019 for initial IFRS 15 application.



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## Notes to the Audited Annual Financial Statements continued

### (ii) Revenue recognised in relation to contract liabilities

The following table below shows how much of the revenue recognised in the current period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior year.

Revenue recognised that was included in the contract liability balance at the beginning of the period:

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Licence fees	73 976	48 606	73 976	48 606
Sponsorship revenue received in advance	266 042	34 239	266 042	34 239
No revenue was recognised from performance obligations satisfied in previous periods	-	-	-	-
	<b>363 287</b>	<b>82 845</b>	<b>363 287</b>	<b>82 845</b>

### 24. Other Operating Income

Rental income	9 687	9 005	9 687	9 005
Travel commission	58	588	58	588
Event sponsorships and other	5 317	10 727	5 317	10 727
Management fees	1	-	1	-
	<b>15 063</b>	<b>20 320</b>	<b>15 063</b>	<b>20 320</b>

### 25. Employee and Directors Compensation and Benefit Expense

Cost of Employment	2 539 103	2 433 202	2 539 103	2 433 202
Long-service Awards	16 394	10 967	16 394	10 967
Defined benefit pension fund recognised in profit or loss	(79 630)	221 388	(79 630)	221 388
Post-employment medical benefits	131 509	120 709	131 509	120 709
Leave pay	64 841	43 435	64 841	43 435
Total amounts recognised in profit or loss	2 672 217	2 829 701	2 672 217	2 829 701
<b>Items recognised in other comprehensive income:</b>				
Actuarial (gain)/loss-post-retirement medical aid liability	187 720	(184 639)	187 720	(184 639)
Actuarial (gain)/loss-Pension fund defined benefit	(1 563 633)	(1 567 932)	(1 563 633)	(1 567 932)
Actuarial(gain)/loss-Long service awards	(10 093)	29 919	(10 093)	29 919
Expected return on plan assets	2 264 609	2 866 895	2 264 609	2 866 895
	<b>3 550 820</b>	<b>3 973 944</b>	<b>3 550 820</b>	<b>3 973 944</b>

### 26. Professional and Consulting Fees

Audit fees	19 201	24 381	19 201	24 381
Consulting fees	37 619	54 036	37 619	54 036
Managerial	15 782	20 715	15 782	20 715
Technical	21 837	29 929	21 837	29 929
Other	-	3 392	-	3 392
	<b>56 820</b>	<b>78 417</b>	<b>56 820</b>	<b>78 417</b>

### 27. Operational Expenses

Other expenses include the following charges:

Operating lease charges	(791)	1 480	(791)	1 480
Premises	1 801	3 368	1 801	3 368
Equipment	(2 592)	(1 888)	(2 592)	(1 888)
Legal claim provision raised/(reversed)	128 216	49 435	128 216	49 435

### 28. Profits/(losses) on Disposal of Assets

Profit (loss) on sale of assets	(1 333)	5 925	(1 333)	5 925
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Profit/(loss) on sale of assets relates to the disposal of items of property, plant and equipment and computer software. Refer to note 4 on property, plant and equipment and note 6 on intangible assets.

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## Notes to the Audited Annual Financial Statements continued

### 29. Net Finance Gain

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Interest received from banking institutions	79 670	62 931	79 670	62 883
Net foreign exchange gain on monetary items	2 040	1 513	2 040	1 513
Interest income	81 710	64 444	82 147	64 396
Dividend income	437	487	437	487
Finance Income	82 147	64 931	82 146	64 883
Interest paid	(13 988)	(31 959)	(13 988)	(31 959)
Interest paid -Permanent Capital	(969)	(969)	(969)	(969)
Installment sale and lease liabilities	(2 701)	(5 167)	(2 701)	(5 167)
Independent third parties	(10 318)	(25 823)	(10 318)	(25 823)
Net foreign exchange gains (losses) on foreign currency borrowings	5 649	(9 976)	5 649	(9 976)
Finance Expenses	(8 339)	(41 935)	(8 339)	(41 935)
<b>Net financing gain/(loss)</b>	<b>73 808</b>	<b>22 996</b>	<b>73 808</b>	<b>22 948</b>

### 30. Taxation

#### Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(530 175)	(510 881)	(531 539)	(510 365)
Tax at the applicable tax rate of 28% (2020: 28%)	(148 449)	(143 047)	(148 831)	(142 902)
<b>Tax effect of adjustments on taxable income</b>				
Non- taxable income	(190 097)	(2 476)	(190 097)	(2 476)
Deferred tax effect income	18 312	7 237	18 312	7 237
Deferred tax asset not recognised - other temporary differences	320 616	137 789	320 616	137 789
	-	<b>(497)</b>	-	<b>(497)</b>

#### Income tax expense

Income tax recognised in profit or loss

Current year - temporary difference	(39 976)	(680 356)	(39 976)	(680 356)
Assessed loss - current year	(280 640)	542 070	(280 640)	542 070
Deferred tax asset not recognised- other temporary differences	39 976	542 070	39 976	542 070
Deferred tax asset not recognised	280 640	542 070	280 640	542 070
	-	<b>(497)</b>	-	<b>(497)</b>

#### Reconciliation of the tax expense

Reconciliation between comprehensive loss and tax loss

Comprehensive income/(loss) before tax	(523 349)	(1 147 496)	(523 349)	(1 147 496)
Tax at the applicable tax rate of 28% (2020: 28%)	441 200	321 117	441 200	352,492
Deferred tax derecognised-OCI	(441 200)	(321 117)	(441 200)	(352,492)
	-	-	-	-

#### Income tax expense

Income tax recognised in other comprehensive income

Defined benefit asset	(196 273)	(363 711)	(196 273)	(363 711)
Post-retirement medical aid	(52 561)	51 699	(52 561)	51 699
Other financial assets	-	2 598	-	2 598
Long service awards	10 896	8 377	10 896	8 377
Deferred tax not recognised-OCI	237 98	301 037	237 98	301 037
	-	-	-	-

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## Notes to the Audited Annual Financial Statements continued

### 31. Cash Generated from Operations

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Loss before taxation	(530 175)	(510 881)	(531 539)	(510 365)
<b>Adjustments for:</b>				
Depreciation and impairment of property, plant and equipment	136 580	147 357	136 580	147 357
Depreciation of right-of-use assets	18 589	15 705	18 589	15 705
Amortisation and impairment of computer software	5 885	22 229	5 885	22 229
Amortisation of programme, film and sports rights	1 333	(5 925)	1 333	(5 925)
Losses (gains) on disposals, scrapings and settlements of assets and liabilities	100 027	76 374	100 027	76 374
Impairment of Trade Receivables	(195 634)	(198 525)	(195 634)	(198 525)
Revenue recognised from government grants	(939)	-	(939)	-
Dividends received	(437)	(487)	(437)	(487)
Interest income	(81 710)	(64 444)	(81 709)	(64 396)
Finance costs	8 339	41 935	8 339	41 935
Increase/(decrease) of provision on trade receivables	(13 907)	6 872	(13 907)	6 872
Impairment of subsidiaries	-	-	1 761	-
Operating cash inflow before payment for acquisition of programme, film and sports rights	475 329	798 374	475 727	798 939
Net acquisition of programme, film and sports rights	(1 008 340)	(1 248 514)	(1 008 340)	(1 248 514)
Operating cash outflow before changes in working capital, employee benefits	(533 011)	(450 140)	(532 613)	(449 575)
<b>Changes in working capital:</b>				
Consumables	216	(118)	216	(118)
Trade and other receivables	223 400	38 319	222 658	38 211
Contract assets	243 036	(262 416)	243 036	(262 416)
Prepayments	(42 869)	34 191	(42 869)	34 191
Trade and other payables	(93 214)	(843 296)	(92 599)	(843 694)
Contract liabilities	(167 264)	280 442	(167 264)	280 418
Deferred government grant	(12 085)	(14 979)	(12 085)	(14 979)
Movement in retirement benefit asset and liabilities	(320 394)	(24 130)	(320 394)	(24 130)
Other non-current liabilities	(15 884)	(15 685)	(15 884)	(15 685)
Movements in provisions	(1 986)	46 096	(1 986)	46 096
Employee benefits obligation	(43 860)	(20 650)	(43 860)	(20 732)
Cash generated from operations	(763 915)	(1 232 366)	(763 644)	(1 232 413)

### 32. Proceeds from Disposal of Property, Plant and Equipment

Net book value of disposals and asset verification adjustment	3 738	10 485	3 738	10 485
Profit (loss) on sale of assets	(1 333)	5 925	(1 333)	5 925
	<b>2 405</b>	<b>16 410</b>	<b>2 405</b>	<b>16 410</b>

### 33. Tax (paid)/refunded

Balance at beginning of the year	(69 491)	(96 937)	(69 491)	(96 937)
Current tax for the year recognised in profit or loss	-	(497)	-	(497)
Balance at end of the year	68 840	69 491	68 840	69 491
	<b>(651)</b>	<b>(27 943)</b>	<b>(651)</b>	<b>(27 943)</b>

The closing tax liability is management's estimate as at 31 March 2021 and management believes that the amount will be further reduced (subject to SARS approval) by the allowances not claimed in prior year in respect of: Programmes and fixed assets amounting to R171 m and R84 m respectively.

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## Notes to the Audited Annual Financial Statements continued

### 34. Financial Instruments and Risk Management

Categories of financial instruments		Fair value		Amortised cost	Total	Fair value
Categories of financial assets		through profit or loss - Mandatory				
Note(s)						
<b>Group</b>						
<b>2021</b>						
Trade and other receivables	11	-	633 833	633 833	633 833	-
Cash and cash equivalents	12	-	1 482 793	1 482 793	1 482 793	-
Other financial assets	8	8 528	-	8 528	8 528	8 528
		<b>8 528</b>	<b>2 116 626</b>	<b>2 125 154</b>	<b>2 125 154</b>	<b>8 528</b>
<b>Fair value through other comprehensive income equity instruments</b>						
Note(s)						
<b>2020</b>						
Trade and other receivables	11	-	843 326	843 326	843 326	-
Cash and cash equivalents	12	-	2 132 866	2 132 866	2 132 866	-
Other financial assets	8	7 319	-	7 319	7 319	7 319
		<b>7 319</b>	<b>2 976 192</b>	<b>2 983 511</b>	<b>2 983 511</b>	<b>7 319</b>
<b>Company</b>						
<b>2021</b>						
Trade and other receivables	11	-	634 605	634 605	634 605	-
Cash and cash equivalents	12	-	1 479 776	1 479 776	1 479 776	-
Other financial assets	8	8 528	-	8 528	8 528	8 528
		<b>8 528</b>	<b>2 114 381</b>	<b>2 122 909</b>	<b>2 122 909</b>	<b>8 528</b>
<b>Fair value through other comprehensive income equity instruments</b>						
Note(s)						
<b>2020</b>						
Trade and other receivables	11	-	843 326	843 326	843 326	-
Cash and cash equivalents	12	-	2 129 579	2 129 579	2 129 579	-
Other financial assets	8	7 319	-	7 319	7 319	7 319
		<b>7 319</b>	<b>2 972 905</b>	<b>2 980 224</b>	<b>2 980 224</b>	<b>7 319</b>
<b>Categories of financial liabilities</b>						
		Note(s)	Amortised cost	Loans and borrowings	Total	Fair value
<b>Group</b>						
<b>2021</b>						
Trade and other payables		21	469 453	-	469 453	-
			<b>469 453</b>	<b>-</b>	<b>469 453</b>	<b>-</b>
<b>2020</b>						
Trade and other payables		21	741 357	-	741 357	-
Loans and borrowings		16	-	17 730	17 730	-
			<b>741 357</b>	<b>17 730</b>	<b>473 262</b>	<b>-</b>

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## Notes to the Audited Annual Financial Statements continued

	Note(s)	Amortised cost	Loans and borrowings	Total	Fair value
<b>Company</b>					
<b>2021</b>					
Trade and other payables	21	469 498	-	469 498	-
Loans and borrowings	16	-	3 764	3 764	-
		<b>469 498</b>	<b>3 764</b>	<b>473 262</b>	<b>-</b>
<b>2020</b>					
Trade and other payables	21	740 787	-	740 787	-
Loans and borrowings	16	-	17 730	17 730	-
		<b>740 787</b>	<b>17 730</b>	<b>758 517</b>	<b>-</b>

### Capital management

The group's share capital is 100% owned by the Government. The group does not hold any other form of share capital. There are no changes expected in the group's approach to capital management during the year. The group is not subject to any externally imposed capital requirements. The group manages its capital to ensure that the entity is able to continue as a going concern by maintaining a minimum liquidity reserve. The minimum liquidity reserve is the specified minimum acceptable surplus of uncommitted facilities or cash holdings over projected net debt levels for the next 12 months. This level is currently set at R700 m. The group currently finds it difficult to meet this minimum required liquidity levels.

### Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities.

#### General short-term banking facilities (available for future operating activities)

Figures in R'000	Note(s)	Group		Company	
		2021	2020	2021	2020
			Audited		Audited
FNB/Rand Merchant Bank		-	-	-	-
Nedbank		-	-	-	-
ABSA Corporate and Merchant Bank		13 800	32 864	13 800	32 864
Unutilised		<b>9 355</b>	<b>15 000</b>	<b>9 355</b>	<b>15 000</b>
<b>Asset finance (available to settle capital commitments)</b>					
Provided		7 800	341	7 800	341
Utilised		(3 749)	(341)	(3 749)	(341)
Unutilised		<b>4 051</b>	<b>-</b>	<b>4 051</b>	<b>-</b>
<b>Guarantees</b>					
Provided		280 000	-	280 000	-
Utilised		-	-	-	-
Unutilised		<b>280 000</b>	<b>-</b>	<b>280 000</b>	<b>-</b>
Interest bearing loans and borrowings	15	3 764	17 730	3 764	17 730
Trade and other payables	21	469 453	741 357	469 498	740 787
Government debt instrument	15	14 913	14 913	14 913	14 913
<b>Total borrowings</b>		<b>488 130</b>	<b>774 000</b>	<b>488 175</b>	<b>773 430</b>
Cash and cash equivalents	12	(1 482 793)	(2 132 866)	(1 479 746)	(2 129 579)
<b>Net borrowings</b>		<b>(994 663)</b>	<b>(1 358 866)</b>	<b>(991 571)</b>	<b>(1 356 149)</b>
Equity		2 980 934	2 996 711	2 978 614	2 995 735
Gearing ratio		16 %	26 %	16 %	26 %

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## Notes to the Audited Annual Financial Statements continued

### Financial risk management

#### Overview

The group is exposed to the following risks that arise out of the normal course of business from its use of financial instruments :

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Group Audit Committee is tasked with overseeing how management monitors compliance with the Group's policies and procedures and the reviews of the adequacy of the internal audit function's monitoring of these risks. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

##### (i) Risk management

The SABC applies a Credit Policy in managing the credit management of customers. The credit management process entails assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. The compliance with credit limits by wholesale customers is regularly monitored by line management. Each customer's credit profile is determined and affects the allowable credit terms and credit limits.

##### (ii) Impairment of financial assets

The SABC has two types of financial assets that are subject to IFRS 9's expected credit loss model:

- trade receivables (commercial revenue and TV licence)
- equity instrument carried at FVTPL

The SABC adopted the Simplified Approach for Trade Receivables in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. However, no impairment loss was identified for contract asset assets.

The expected credit loss rates are based on the payment profiles of sales over a 12 month period and historical credit losses experienced within prior periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following qualitative factors have been incorporated into measurement of expected credit losses:

- Any changes in the contractual/ credit terms
- Declining profitability of the borrower based on the latest available financial statements
- Any other legal/ operational information available to the SABC affecting the borrower

The trade debtors with the significant risk (past 30 days due), with the following characteristics have been rebutted:

- Where there is a set-off agreement in place for the amount owed by the Corporation and amount owed to Corporation for the same trade debtor/ trade creditor
- Amount is owed by the National/ Provincial department is deemed to be recoverable

On that basis, the loss allowance as at 31 March 2021 and 1 April 2020 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets:

	Current	Within 30 days past due	31-90 days past due	More than 90 days past due	Total
<b>31 March</b>					
Gross carrying amount-Trade receivables	504 799	21 208	8 769	33 766	568 542
	<b>504 800</b>	<b>21 210</b>	<b>8 869</b>	<b>33 866</b>	<b>568 542</b>
<b>1 April</b>					
Expected loss rate	1%	2%	100%	100%	-
Gross carrying amount-Trade receivables	541 085	34 601	11 065	34 201	620 952
	<b>541 086</b>	<b>34 603</b>	<b>11 165</b>	<b>34 301</b>	<b>620 952</b>

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## Notes to the Audited Annual Financial Statements continued

### Trade and other receivables

The closing loss allowances for trade receivables and contract assets as at 31 March 2021 reconcile to the opening loss allowances as follows:

	Trade receivables
Closing balance-31 March 2020	(51 207)
Opening loss allowance as at 1 April 2020	(51 207)
Unused amount reversed	13 908
Closing loss allowance as at 31 March 2021	(37 299)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. No impairment losses were identified for contract assets. Subsequent recoveries of amounts previously written off are credited against the same line item. Refer to note 11: Trade and other receivables for an analysis of impairment of trade receivables expense.

In determining the measurement of the expected credit losses, the SABC followed the below methodology. The impairment was adjusted for the COVID 19 pandemic impact in the current year.

Credit risk rating	Description	Explanation	Impairment matrix (Bucket value)
1	Low	Customer account balances which are only current and/or 30 days past due with a credit rating between A to B, these are deemed to have low risk	- %
2	Moderate	Customer account balances which are only current and/or 30 days past due with a credit rating between A to B, but have qualitative factors.	2 %
		Customer account balances which are current and/or 30 days past due (which are also included in the past 30 days).	3 %
		Customer account balances which are current and/or 30 days past due with a credit rating of C are deemed to have moderate risk	4 %
3	Significant	Past 30 days past due and there is no substantiating evidence to rebut Par.5.5.11 (IFRS 9) rebuttable presumption.	100 %
		Customer account balances which are current and/or 30 days past due with a credit rating of D and worse are deemed to have significant risk	25 %

#### (i) Security

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

#### (ii) Guarantees

The Company has guarantees issued of R0.150 m relating to the employee housing scheme.

#### The Group holds collateral as security

The nature and fair value of this collateral is as follows:

Figures in R'000	Group		Company	
	2021	2020	2021	2020
		Audited		Audited
Coface	1 315 630	1 181 500	1 315 630	1 181 500

#### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due or can only do so at excessive high costs. The group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient cash, marketable securities and credit facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. Where internal funding is constrained, external sources of funding are explored.

The group manages its cash flow requirements by forecasting for both the short-term (three months) and the long-term (one to 3 years) cash requirements of the group. The group has borrowing facilities amounting to R14 m (2019: R32 m) which include short-term banking facilities as well as asset-based finance facilities.

The following analysis details the contractual maturity of the group's non-derivative financial liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to settle the liability. The analysis includes both interest and principal cash flows.

## Notes to the Audited Annual Financial Statements continued

Non-derivative financial liabilities	Carrying amount	Contractual cash flow	Up to 6 months	6 months to 1 year	1 year to 3 years	Thereafter
	R'000	R'000	R'000	R'000	R'000	
<b>2021</b>						
Trade payables	40 798	40 798	40 798	-	-	-
Accruals	182 245	182 245	182 245	-	-	-
Accrued expense - Programme, film and sports rights	130 743	130 743	130 743	-	-	-
Other payables*	115 667	115 667	115 667	-	-	-
Other non-current liabilities	4 180	4 180	-	-	4 180	-
Loans and borrowings	3 764	3 764	-	-	-	-
Government debt instrument	14 913	14 913	-	-	4 180	-
Lease liabilities	30 599	30 599	6 744	6 745	17 110	-
	<b>512 176</b>	<b>512 176</b>	<b>476 198</b>	<b>6 745</b>	<b>25 470</b>	-
<b>2020</b>						
Trade payables	210 231	210 321	-	-	-	-
Accruals	285 371	285 371	285 371	-	-	-
Accrued expense - Programme, film and sports rights	125 616	125 616	125 616	-	-	-
Other payables*	120 149	120 149	120 149	-	-	-
Other non-current liabilities	20 064	20 064	-	-	-	-
Loans and borrowings	17 730	17 730	6 616	6 616	4 499	-
Government debt instrument	14 913	14 913	-	-	4 180	-
Lease liabilities	30 599	30 599	6 744	6 745	17 110	-
	<b>813 940</b>	<b>814 030</b>	<b>544 497</b>	<b>13 361</b>	<b>25 789</b>	-

\* excludes statutory accruals and payables

### Market risk

Market risk is the probable changes in market prices, such as foreign exchange rates and interest rates, that will affect the group's income or the value of its holdings of financial instruments. The objective of the group's market risk management framework is to protect and enhance the performance of the statement of financial position and profit or loss by managing and controlling market risk exposures and to optimise the funding of capital projects.

### Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The group uses forward contracts to manage foreign currency risk arising from future commercial transactions and recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The group's risk management policy is to economically hedge between 35% to 75% of firm commitments for a rolling 12 month period. The group has not applied hedge accounting for these forward currency contracts. The group only covers known commitments and does not speculate in foreign currency. The minimum percentage cover for less than one year is 35%.

Due to the significant cash flow constraints experienced by the Corporation, payment terms were renegotiated with some foreign suppliers. This alleviated the requirement to hedge as per the policy, thus, from the month of July 2017, foreign payments were made at the prevailing spot rate on the date of payment.

The Group's exposure to foreign currency risk based on notional amounts was as follows:	US Dollar	Rand
	'000	'000
<b>2021</b>		
Trade payables	(47)	(416)
Gross financial position exposure	(47)	(416)
<b>Net financial position exposure</b>	<b>(47)</b>	<b>(416)</b>
<b>2020</b>		
Trade payables	(292)	(5 229)
Gross financial position exposure	(292)	(5 229)
<b>Net financial position exposure</b>	<b>(292)</b>	<b>(5 229)</b>

The following significant exchange rates applied during the year:	Average Rate		Reporting date spot rate during the year:	
	2021	2020	2021	2020
USD 1	16.58	14.77	14.78	17.88
EUR 1	19.27	17.83	17.33	19.66

## Notes to the Audited Annual Financial Statements continued

### Sensitivity analysis

A 10% strengthening of the Rand against the following currency at 31 March would have increased profit/decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for the 2019/20 financial reporting period. Due to the nature of the transactions, there is no effect on equity.

Profit or (loss) Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
USD	-	129	-	129

A 10% weakening of the Rand against the above currency at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk

The group's income and operating cash flows are substantially dependent on changes in market interest rates. The interest rates of finance leases to which the group is a lessee are fixed at inception of the lease or variable over the term of the lease, and therefore expose the group to fair value interest rate risk. At reporting date the interest rate profile of the group's interest bearing financial instruments was:

#### Carrying amount

##### Fixed rate instruments

Government debt instrument	14 913	14 913	14 913	14 913
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##### Variable rate instrument

Loan and borrowings	(3 764)	(17 730)	(3 764)	(17 730)
Cash and cash equivalents	1 482 793	2 132 866	1 482 793	2 129 579
	<b>1 479 029</b>	<b>2 115 136</b>	<b>1 479 029</b>	<b>2 111 849</b>

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

### Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different valuation levels are identified as follows by IFRS 13:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. The following methods and assumptions are used to estimate the fair value of each class of financial instruments

#### (i) Other financial assets

The carrying amount of these financial assets is the fair value, and is quoted in an active market.

	2021				2020			
	Carrying amount	Fair value			Carrying amount	Fair value		
		R'000	Level 1 R'000	Level 2 R'000		Level 3 R'000	R'000	Level 1 R'000
<b>Financial assets</b>								
<b>Other financial assets</b>								
FVPL	-	-	-	-	7 319	7 319	-	-
FVOCI	8 528	8 528	-	-	-	-	-	-
<b>Financial assets at amortised cost</b>								
Trade and other receivables	633 833	-	-	-	843 325	-	-	-
Cash and cash equivalents	1 482 763	-	-	-	2 132 866	-	-	-
<b>Total Financial assets</b>	<b>2 125 124</b>	<b>8 528</b>	<b>-</b>	<b>-</b>	<b>2 983 510</b>	<b>7 319</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Financial liabilities measured at amortised cost</b>								
Government debt instrument	(4 913)	-	-	-	(17,401)	-	-	-
Loan and borrowings	(3 764)	-	-	-	(17 730)	-	-	-
Trade and other payables	(469 453)	-	-	-	(741 357)	-	-	-
<b>Net financial liabilities</b>	<b>1 636 994</b>	<b>8 528</b>	<b>-</b>	<b>-</b>	<b>2 209 510</b>	<b>7 319</b>	<b>-</b>	<b>-</b>

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## Notes to the Audited Annual Financial Statements continued

	2021				2020			
	Carrying amount	Fair value			Carrying amount	Fair value		
	R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000	R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
	<b>Company</b>							
<b>Other financial assets</b>								
FVPL	-	-	-	-	7 319	7 319	-	-
FVOCI	8 528	8 528	-	-	-	-	-	-
<b>Financial assets at amortised cost</b>								
Trade and other receivables	634 605	-	-	-	843 326	-	-	-
Cash and cash equivalents	1 479 746	-	-	-	2 129 579	-	-	-
<b>Total Financial assets</b>	<b>2 122 879</b>	<b>8 528</b>	<b>-</b>	<b>-</b>	<b>2 980 224</b>	<b>7 319</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Financial liabilities measured at amortised cost</b>								
Government debt instrument	(14 913)	-	-	-	(14 913)	-	-	-
Loan and borrowings	(3 764)	-	-	-	(17 730)	-	-	-
Trade and other payables	(469 498)	-	-	-	(740 787)	-	-	-
<b>Net financial liabilities</b>	<b>1 634 704</b>	<b>8 528</b>	<b>-</b>	<b>-</b>	<b>2 206 794</b>	<b>7 319</b>	<b>-</b>	<b>-</b>

**35. Leases (Group as Lessee)**

Details pertaining to leasing arrangements, where the group is a lessee are presented below:

Figures in R'000	Group		Company	
	2021	2020	2021	2020
		Audited		Audited
<b>Net carrying amounts of right-of-use assets</b>				
The carrying amounts of right-of-use assets are as follows:				
Buildings	11 377	20 454	11 377	20 454
Office equipment	6 111	8 402	6 111	8 402
	<b>17 488</b>	<b>28 856</b>	<b>17 488</b>	<b>28 856</b>
<b>Additions to right-of-use assets</b>				
Buildings	3 823	33 867	3 823	33 867
Office equipment	-	10 694	-	10 694
	<b>3 823</b>	<b>44 561</b>	<b>3 823</b>	<b>44 561</b>
<b>Depreciation recognised on right-of-use assets</b>				
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.				
Buildings	16 298	13 414	16 298	13 414
Office equipment	2 291	2 291	2 291	2 291
	<b>18 589</b>	<b>15 705</b>	<b>18 589</b>	<b>15 705</b>
<b>Other disclosures</b>				
Interest expense on lease liabilities	2 148	3 146	2 148	3 146
<b>Lease liabilities</b>				
The maturity analysis of lease liabilities is as follows:				
Within one year	11 343	16 704	11 343	16 704
Two to five years	8 762	17 423	8 762	17 423
	20 105	34 127	20 105	34 127
Less finance charges component	(1 067)	(3 528)	(1 067)	(3 528)
	<b>19 038</b>	<b>30 599</b>	<b>19 038</b>	<b>30 599</b>
Non - current liabilities	8 717	17 110	8 717	17 110
Current liabilities	10 321	13 489	10 321	13 489
	<b>19 038</b>	<b>30 599</b>	<b>19 038</b>	<b>30 599</b>

## Notes to the Audited Annual Financial Statements continued

### 36. Commitments

#### Authorised capital expenditure

#### Already contracted for but not provided for

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
• Property, plant and equipment	53 101	57 831	53 101	57 831
• Programme, film and sports rights	1 006 102	1 210 609	1 006 102	1 210 609
<b>Totals</b>	<b>1 059 203</b>	<b>1 268 440</b>	<b>1 059 203</b>	<b>1 268 440</b>

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained profits, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Commitments for programme, film and sports rights will be funded internally. The local commitments and the currency exposure on foreign programme, film and sports rights at 31 March 2021 is as follows:

	Local commitments	Foreign commitments		Total
	R'000	USD'000	R'000	R'000
Year ending March 2022	491 598	4 370	64 904	556 502
Local currency	491 598	-	-	491 598
Foreign- EURO	-	142	2 463	2 463
Foreign-US Dollar	-	4 228	62 441	62 441
Year ending March 2023	216 378	550	8 196	224 574
Local currency	216 378	-	-	216 378
Foreign- EURO	-	25	439	439
Foreign-US Dollar	-	525	7 757	7 757
Year ending March 2024	155 992	2 626	38 783	194 775
Local currency	155 992	-	-	155 992
Foreign-US Dollar	-	2 626	38 783	38 783
Year ending March 2025	-	2 048	30 251	30 251
Local currency	-	-	-	-
Foreign-US Dollar	-	2 048	30 251	30 251
-	-	-	-	-
-	-	-	-	-
<b>Total commitments</b>	<b>863 968</b>	<b>9 594</b>	<b>142 134</b>	<b>1 006 102</b>

## Notes to the Audited Annual Financial Statements continued

### 37. Contingencies

Unless the outflow of economic resources is considered remote, contingent liabilities are disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity. In some cases it may be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The disclosed contingent liabilities all arise from claims lodged by third parties against the group where judgement by a competent court of law is pending, and management has obtained legal advice that the SABC has a high probability of success in defending these legal claims. The claims active as at 31 March 2021 and giving rise to contingent liabilities are detailed as follows:

	Possible Losses for the Group 2021 R'000
(i) The SABC made an application to have the contract between the service provider and the SABC to be set aside for consulting work. The matter was heard on 20 February 2019 and the SABC currently awaits the decision of the court.	9 816
(ii) Summons was served on the SABC on 26 November 2012. The Plaintiff in this acquired the right to claim against the SABC as a result of an alleged cession agreement between himself and a third party.	224
(iii) The plaintiff instituted legal action against the SABC for alleged breach of his employment contract, claiming recovery of mobile phone allowance. The SABC has good prospects to succeed this matter, however the plaintiff seems to have abandoned this claim.	29
(iv) This matter results from a security tender awarded at a total cost of R185 519 425.61. On 15 December 2017, the SABC was served with a Notice of Motion from a losing bidder requesting among others that the appointment of winning bidder be set aside and that the applicant be substituted as the bid winner. Should the applicant succeed in this litigation, the SABC will be liable for the full contract amount. If the applicant succeeds on the litigation, the winning bidder might also institute a claim for damages to the same value. The Special Investigations Unit has made a joinder application on the matter.	185 519
(v) The SABC set aside the contract with the service provider for the construction of Multi-purpose studio. The SABC and Special Investigations Unit is appealing the decision of the court in this matter.	5 936
(vi) There are seven cases of alleged unfair discrimination, unfair suspension, unfair dismissal, premature termination/ non-renewal of fixed term contracts and non payment of acting allowance. These cases are at various stages of conciliation or hearing at the courts	42 796
(vii) The Plaintiff claims damages from the SABC amounting for work done and damages thereof for termination of agreement wherein the Plaintiff was to develop and design competency based job profiles which would be conducted over a period of 4 (four) months commencing on 1 November 2015 to 30 March 2016. The SABC filed its Notice of Intention to Defend as well as a Rule 35 Notice requesting documents which will enable the SABC to file its Plea. The matter is pending is SABC awaits the plaintiff to file replication.	1 560
(viii) The Plaintiff is a former freelancer whose freelance agreement was terminated due to an audit finding that the plaintiff failed to disclose certain interests from which the plaintiff's company benefited from doing business with the SABC. The plaintiff now claims payment of the balance of the freelance contract amounting and damages. The matter is at the pleading stage.	426
(ix) On 28 January 2020, the SABC was served with a summons instituted in the High Court of South Africa Local Division Johannesburg. An ex-employee is suing the SABC; Board of Directors; Executive; and Spokesperson for (the Defendants) defamation.	14 000
(x) On 11 February 2020, the SABC was served with a summons instituted in the High Court of South Africa Local Division Johannesburg. An employee is suing the SABC; Board of Directors; Executive; and Spokesperson for (the Defendants) defamation.	20 000
(xi) On 07 July 2020, the SABC was served with a summons instituted in the High Court of South Africa Gauteng Local Division Johannesburg. In August 2016, the Plaintiff entered into Television Commissioning Agreement with the SABC to produce a programme. The Plaintiff alleges that they had to produce 110 episodes of the programme season 3 for the SABC.	28 000
(xii) A former SABC Freelancer Contracted by SABC Sport is suing the SABC for damages due to the non-renewal of his contract.	444
(xiii) The Plaintiff is suing the corporation and some executives and board members and personnel for Defamation of Character based on the corporation's announcement and publication of the outcome of a disciplinary hearing outcome and the reasons thereto.	24 000
(xiv) The Court ordered that the name of the Plaintiff be removed from the report and there was no order as to costs. The plaintiff is subsequently suing for the SABC claiming defamation action against the corporation.	1 500
	334 250

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## Notes to the Audited Annual Financial Statements continued

### 38. Related Parties

#### Relationships

Ultimate holding company 1

The group is 100% controlled by its Shareholder, the Government, represented by the Department of Communications & Digital Technologies.

The group is a Schedule 2 public entity in terms of the Public Finance Management Act, no 1 of 1999 as amended.

The related parties of the group consist mainly of government departments, State-Owned Companies (SOC), other public entities in the national sphere of government and key management personnel of the Company or its shareholder and close family members of these related parties. The related parties of the company also include its subsidiaries (see note 7). The list of public entities in the national sphere of government was provided by National Treasury on their website [www.treasury.gov.za](http://www.treasury.gov.za).

The group with regards to government related entities is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively but not individually significant, a quantitative or qualitative indication of their extent. The SABC provides disclosures for transactions which are not at arms length.

(i) Transactions with subsidiaries	2021		2020	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
from/(payables to) SABC Airwave Travel (Proprietary) limited trading as Airwave Travel	-	-	-	-
Receivables from SABC Foundation NPC	-	-	2 240	2 240
	-	-	<b>2 240</b>	<b>2 240</b>

Related party relationships exists between the company and its wholly-owned subsidiaries, Airwave Travel and SABC Foundation NPC. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly.

#### (ii) Significant transactions with government related entities

Included in Revenue are the following:

Aggregate of all transactions that are collectively significant

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
Government Communication and Information services	127 225	78 455	127 225	78 455
Aggregate sales to other government related entities not listed above	47 527	20 567	47 527	20 567
	<b>174 752</b>	<b>99 022</b>	<b>174 752</b>	<b>99 022</b>

Goods and services are sold to related parties on an arm's length basis at market related prices.

#### Outstanding balances with government related entities

Included in Receivables are the following:

Government Communication and Information services	22 727	-	22 727	-
Aggregate sales to other government related entities not listed above	766	2 135	766	2 135
	<b>23 493</b>	<b>2 135</b>	<b>23 493</b>	<b>2 135</b>

#### Purchases of goods and services

Aggregate of all transactions that are collectively significant

#### Outstanding balances with government related entities

Sentech (SOC) Limited	703 715	742 856	703 715	742 856
Aggregate Purchases from other government related entities	23 689	79 926	23 689	79 926
	<b>727 404</b>	<b>822 782</b>	<b>727 404</b>	<b>822 782</b>

#### Balances with government related entities

Included in Payables are the following:

Sentech (SOC) Limited	-	105 604	-	105 604
Aggregate Purchases from other government related entities	1 515	338	1 515	338
	<b>1 515</b>	<b>105 942</b>	<b>1 515</b>	<b>105 942</b>

Goods and Services are purchases from related parties on an arm's length basis at market related prices

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## Notes to the Audited Annual Financial Statements continued

(iii) Grants and sponsorships	2021		2020	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Government grants recognised in revenue	195 634	-	198 525	-
Government grants received	183 549	-	183 546	-
Deferred government grant	-	291 342	-	303 427
	<b>379 183</b>	<b>291 342</b>	<b>382 071</b>	<b>303 427</b>

Goods and services are purchased from related parties on an arms length basis at market related prices.

### (iv) Interest payments

Shareholder - permanent capital	-	14 913	2 488	14 913
Interest paid to Sentech (SOC) Limited	-	-	20 965	-

### (v) Employee benefit payments

SABC Pension fund	240 764	1 796 473	245 514	775 103
SABC Medical aid scheme	-	-	10 302	-
	<b>240 764</b>	<b>1 884 866</b>	<b>255 816</b>	<b>775 103</b>

(vi) Administered projects	Opening balance R'000	Funds received R'000	Applied to expenditure R'000	Applied to net assets R'000	Interest accrued R'000	Closing balance R'000
<b>For the year ended 31 March 2021</b>						
Channel Africa	5 583	55 130	(50 539)	-	-	10 174
	5 583	55 130	(50 539)	-	-	10 174
<b>For the year ended 31 March 2020</b>						
Channel Africa	-	53 322	(47 739)	-	-	5 583
	-	53 322	(47 739)	-	-	5 583

### (vii) Service contracts for permanent executive directors

#### Service contract

	Mxakwe M	van Biljon Y	Plaatjies IC
-Start date	1 July 2018	25 June 2018	1 November 2019
-End date	30 June 2023	24 June 2023	31 October 2024
Service period	33 months	33 months	17 months
Remaining	3 years and 3 months	2 years and 3 months	3 years and 7 months



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## Notes to the Audited Annual Financial Statements continued

### (viii) Directors' and key management personnel compensation

#### Remuneration paid to the person in any capacity

Service as	Service period in months	Basic salary R'000	Bonuses and commions R'000	Cheque Expenses and other allowance R'000	Employer's contribution to pension fund, medical aid and other R'000	Total	
<b>Year ended 31 March 2021</b>							
<b>Non-executive Directors</b>							
Makhathini BE	Board Chairperson	12	-	917	-	917	
Mohlala MM	Deputy Chairperson	12	-	897	-	897	
Phalane JH	Board member	12	-	470	-	470	
Mohuba DK	Board member	12	-	466	-	466	
Markovitz MG	Board member	12	-	521	-	521	
Cooper S	Board member	12	-	486	-	486	
Maimela D	Board member	12	-	494	-	494	
Lekalakala MB	Board member	12	-	517	-	517	
Muthien B	Board member	12	-	-	-	-	
Patel J	Board member	12	-	504	-	504	
Socikwa MM	Board member	12	-	413	-	413	
Papayya MBP	Board member	12	-	533	-	533	
<b>Executive Directors</b>							
Mxakwe MT	Group Chief Executive Officer	12	3 679	-	1 357	5 753	
Van Biljon Y	Chief Financial Officer	12	2 150	-	835	3 362	
Plaatjies IC	Chief Operating Officer	12	2 252	-	622	3 334	
<b>Senior Management</b>							
Bayi LV	Company Secretary	12	1 714	-	626	2 681	
Zikode TP	Chief Audit Executive	12	1 863	-	677	2 914	
Wotshela NN	Group Executive: Radio	12	1 938	-	713	3 031	
Mosia M	Group Executive: Human Resources	12	1 354	-	487	2 122	
Ntuli GM	Group Executive: Corp Affairs and Marketing	12	1 536	-	538	2 402	
Magopeni PP	Group Executive: News	12	1 602	-	645	2 528	
Naicker M	Group Executive: Television	12	1 560	-	447	2 321	
Nxumalo R	Group Executive: Commercial Enterprises	11	1 490	-	549	2 332	
Williams RV	Group Executive: Commercial Enterprises (Acting)	-	1 204	-	307	1 795	
Vanara NJ	Group Executive: Governance and Assurance (Acting)	12	1 433	-	806	2 491	
Tladi SN	Group Executive: Commercial Enterprises (Acting)	1	1 019	-	548	1 793	
		-	24 794	-	15 375	4 908	45 077

## Notes to the Audited Annual Financial Statements continued

### Remuneration paid to the person in any capacity

Service as		Service period in months	Basic salary R'000	Bonuses and commisions R'000	Cheque Expenses and other allowance R'000	Employer's contribution to pension fund, medical aid and other R'000	Total
<b>Year ended 31 March 2020</b>							
<b>Non-executive Directors</b>							
Makhathini BE	Board Chairperson	12	-	-	957	-	957
Mohlala MM	Deputy Chairperson	12	-	-	290	-	290
Phalane JH	Board member	12	-	-	405	-	405
Mohuba DK	Board member	12	-	-	497	-	497
Markovitz MG	Board member	12	-	-	488	-	488
Cooper S	Board member	12	-	-	403	-	403
Maimela D	Board member	12	-	-	254	-	254
Lekalakala MB	Board member	12	-	-	432	-	432
Muthien B	Board member	12	-	-	477	-	477
Patel J	Board member	12	-	-	415	-	415
Socikwa MM	Board member	12	-	-	345	-	345
Papayya MBP	Board member	12	-	-	464	-	476
<b>Executive Directors</b>							
Mxakwe MT	Group Chief Executive Officer	12	3 504	-	1 293	682	5 479
Van Biljon Y	Chief Financial Officer	12	2 048	-	795	359	3 202
Plaatjies IC	Chief Operating Officer	5	894	-	321	187	1 402
Maroleni CB	Chief Operating Officer (Resigned)	1	176	-	274	31	481
<b>Senior Management</b>							
Bayi LV	Company Secretary	12	1 633	-	596	324	2 553
Zikode TP	Chief Audit Executive	12	1 775	-	645	356	2 776
Wotshela NN	Group Executive: Radio	12	1 845	-	584	362	2 791
Thekiso J	Group Executive: Human Resources	12	1 515	-	679	302	2 496
Ntuli GM	Group Executive: Corp Affairs and Marketing	4	488	-	170	109	767
Magopeni PP	Group Executive: News	12	1 526	-	629	268	2 423
Philiso NP	Group Executive: Television	3	472	-	421	88	981
Mulaudzi T	Group Executive: Commercial Enterprises	10	1 218	-	828	263	2 309
Van Rooyen CR	Group Executive: Technology	6	845	-	567	172	1 584
Mollwa MP	Group Executive: Corp Affairs and Marketing (Acting)	8	770	-	479	164	1 413
Tladi SN	Group Executive: Commercial Enterprises (Acting)	6	486	-	371	107	964
Tshabalala CMV	Group Executive: Technology (Acting)	6	543	-	178	121	842
Williams RV	Group Executive: SABC Sport (Acting)	1	96	-	44	22	162
Makubiyane DE	Group Executive: Television (Acting)	3	266	-	153	58	477
Bedil WR	Group Executive: Commercial Enterprises (Acting)	4	355	-	236	84	679
Vanara NJ	Group Executive: Governance and Assurance (Acting)	12	1 365	-	800	240	2 405
Visser AL	Group Executive: Technology (Acting)	7	443	-	256	118	824
		-	22 263	-	15 254	4 215	41 732

- - including contributions on employer variable pension contribution

\* - included in basic salary and expenses and other allowances is compensation paid in respect of loss of office.



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## Notes to the Audited Annual Financial Statements continued

### 39. License Agreements

The Group was granted the following Public Television Broadcasting Licences by the Independent Communications Authority of South Africa ('ICASA') for the period 18 December 2008 to 18 December 2023: SABC1 and SABC2.

The Group was granted the following Commercial Television Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2023: SABC3.

The Group was granted the following Public Sound Broadcasting Licences by ICASA for the period 18 December 2018 to 18 December 2028: SAFM, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, XK FM and TRU FM.

The Group was granted the following Commercial Sound Broadcasting Licences by ICASA for the period 18 December 2018 to 18 December 2028: 5FM, METRO FM and GOOD HOPE FM.

The licence area for all of the licences above is the Republic of South Africa. The Licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

### 40. Expenditure and Losses through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditures

The incidents/ instances of contraventions which resulted into the irregular expenditure have been categorized and disclosed below.

(i) All losses through any irregular expenditure

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

The following amounts have been determined as being irregular expenditure, in terms of section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999, as amended:

	Notes	2021 R'000	202 R'000
Opening balance		5 398 766	5 220 726
Plus: Prior period error		8 477	(2 005)
Add: Irregular Expenditure-identified in the current year relating to the prior years		63 428	30 840
Balance as restated		5 470 671	5 249 561
Add: Irregular expenditure-identified in the current year		111 068	202 470
Less: Irregular Expenditure condoned in the current year but relating to prior years		(183 210)	(53 265)
Less: Irregular expenditure referred to the Accounting Authority for removal from the notes to the annual financial statements in line with instruction note 2 of 2019/20		(2 543 537)	-
Irregular Expenditure awaiting condonation subject to further investigation		2 854 992	5 398 766
Payments without contracts	a	5 748	52 922
Deviations	b	14 210	11 879
<b>Procurement policy/process not followed</b>			
Minimum number of quotations not obtained	c	1 955	28
Bids advertised for less than minimum number of days	d	345	72
Incorrect evaluation criteria applied to bids	e	63 808	85 099
Use of supplier without following procurement process	f	1 003	3 415
Irregular awards due to lack of planning	g	157	3 833
Procurement through quotation process versus competitive	h	5 158	4 406
Variation order in excess of 15%	i	2 588	21 179
Awards made to suppliers without obtaining valid Tax clearance certificates	k	593	229
Schedule All	e	229	2,810
Tender above R30 million did not include subcontracting as a condition of a tender	l	2 727	18 349
Schedule All	m	12 713	1 059
Non compliance with National Treasury Instruction note on PPE Emergency Procurement (COVID 19)	n	63	-
		111 068	202 470



## Notes to the Audited Annual Financial Statements continued

### Irregular expenditure condoned in the FY2021 but relating to contracts awarded in prior years

Figures in R'000		Group		Company	
		2021	2020 Audited	2021	2020 Audited
Incorrect evaluation criteria applied to bids	National Treasury	-	111 225	-	-
Irregular awards due to lack of planning	National Treasury	-	71 985	-	-
		-	183 210	-	-

On 29 July 2020, the National Treasury condoned the irregular expenditure incurred in the amount of R185,519 million (contract value) as a result of the appointment of Mafoko Security Services on condition that the names of those implicated and the case numbers are reflected in the notes under the heading irregular expenditure in the annual financial statement. The court case is still on-going and the cost incurred to date is R113 million.

On 15 August 2020, the National Treasury condoned the irregular expenditure incurred in the amount of R71.98 million (contract value) as a result of the appointment of Lorna Vision on condition that National Treasury be provided with the outcome of case no.17/49514, the judgement and that the note in the financial statement make reference to the dependence of the condonation on the outcome of the judgement. Paragraph 56(a-h) of the Irregular Expenditure Framework was complied with.

#### Irregular expenditure not condoned and removed

Awards made to suppliers without obtaining valid tax clearance certificates	National Treasury	-	2 543 537	-	-
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The irregular Expenditure was not condoned by the relevant authority and was thus referred to the Accounting Authority for removal from the note in line with Instruction Note 2 of 2019/2020

#### Details of Irregular expenditure under assessment and therefore not included in the main note

Non- compliance with SCM regulations		-	60 819	-	-
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The SABC implemented a project to review the population of procurement transactions from the 1 April 2018 to 31 March 2021. The first phase of the project focused on the FY2021 with procurement transactions amounting to R3,319 billion, of which an amount of R1,705 billion has been confirmed "Not Irregular" and an amount of R121 million has been confirmed "Irregular" and recorded in the Main Note.

Procurement transactions amounting to R1,494 billion was under review and, at the time of reporting, transactions amounting to R1,304 billion (87%) had been assessed.

The above is indicative of the alleged irregular expenditure identified during the review which is under assessment by Management and is therefore not included in the main note.

#### Key

- a The Corporation made payment to suppliers without a valid contract. This could be as result of the procurement process not yet finalised or poor planning.
- b Payments that did not qualify as deviations which is defined as an emergency, sole source or where prior approval was requested from National Treasury.
- c The Corporation issued Purchase Orders without obtaining the minimum number of quotations as required by the SCM policy.
- d The Corporation awarded bids without advertising for the minimum number of days as required by the SCM policy.
- e The bid evaluation and/or adjudication processes did not follow the pre-approved evaluation criteria as set out in the policy and the PPPFA
- f The Corporation procured goods and services without following due procurement process.
- g Poor planning that leads to deviating from normal SCM process.
- h The Corporation procured goods and services through the quotation process whereas the SCM policy requires goods and services above R2 mil should follow the competitive bid process.
- i Variation order in excess of 15% as prescribed by National Treasury.
- j The Corporation awarded purchase orders /contracts for services without following a competitive bidding or quotation process in accordance with the Policy and PPPFA.
- k The Corporation awarded contracts to suppliers without obtaining original tax clearance certificates or confirming the tax matters of the suppliers prior to awarding.
- l Goods and services relating to TVOB are procured through Schedule All system. These transactions are deemed irregular expenditure due to the impracticality of following SCM processes.
- m The Corporate awarded a tender above R30 million which did not include subcontracting as a condition of a tender. The Corporation did not have evidence to indicate whether or not it was feasible to subcontract on this tender.
- n The Corporation awarded works to supplier in contravention of the requirements of the National Treasury Instruction Note on PPE Emergency Procurement (COVID 19).
- o The Corporation awarded contracts without following Construction Industry Development Board processes.



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## Notes to the Audited Annual Financial Statements continued

### (ii) Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which were made in vain and could have been avoided had reasonable care been exercised

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications and Digital Technologies (DCDT) for the year under review:

	2021 R'000	2020 R'000
Opening balance	297 130	454 185
Less: Reversal of incorrectly disclosed prior year amount	(13 208)	(1 287)
Restated opening balance	283 922	452 898
Current year movements	21 253	27 398
Add: Fruitless and wasteful expenditure-incurred in the current year	10 283	27 398
Add: Fruitless and wasteful expenditure-relating to prior years identified in the current year	10 970	-
Fruitless and wasteful expenditure not written off	305 175	480 296
Less: Amounts recoverable	(2 213)	-
Less: Written off	(103 223)	(183 166)
Fruitless and wasteful expenditure not written off	199 739	297 130

#### Details of fruitless and wasteful expenditure

Incident	Remedial action implemented		
Impairment of foreign and sports content	Petitioned Cricket South Africa for replacement matches	-	591
Travel cancellation fees and penalties	Reported to recover value	-	41
Interest, penalties and fines on late payments	Renegotiate payment terms and negotiate for write off of interest	7 421	25 616
Rental of unoccupied office space	Appropriate action will be taken to recover the amounts where possible, where recovery is not possible amounts will be requested for write off. Appropriate internal controls will be implemented to prevent reoccurrence	10 758	-
Other	Appropriate action will be taken to recover the amounts where possible, where recovery is not possible amounts will be requested for write off. Appropriate internal controls will be implemented to prevent reoccurrence	2 628	-
No value received	To recover value and report to the appropriate authorities	446	1 150
		<b>21 253</b>	<b>27 398</b>

### 41. Going Concern

In preparing the consolidated financial statements, the directors are responsible for evaluating the company's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The boards of directors have assessed the economic environment, current financial position, and the company's expected cash flows for the next 12 months through to the end of March 2022.

At the reporting date national COVID -19 restrictions were still in effect as the government had extended the National State of disaster. The impact of COVID -19 restrictions initially imposed on 26 March 2020, and subsequently extensions were felt in the 2020/21 financial year. The long-term impact of COVID-19 restrictions, especially a third wave together with negative economic conditions remains uncertain. However, the board will closely monitor and respond to these.

The corporation has continued implementing, tracking the progress made on implementation, and reporting on the progress made on the turnaround plan to the stakeholder. The turnaround plan exists to ensure the corporation's long-term sustainability by enhancing operational performance and improving operational liquidity in the short and medium term. The turnaround plan is aimed at improving overall performance, re-setting the cost bases of the various operations in the entities and creating stability.

Pursuant to the implementation of the turnaround plan, the board of directors approved workforce restructuring process complying fully with the laws of the country. This resulted in the development and approval of an optimized organizational structure and target operating model effective on 1 April 2021.

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## Notes to the Audited Annual Financial Statements continued

During the current period, the corporation reported a net loss of R530 million. This is mainly attributed to employee costs and signal distributions costs that remain at the centre of attention. Included in the loss is once off amounts relating to the workforce restructuring initiatives. The approval of the new operating structure by the board of directors will see a future reduction of the employee cost base. The corporation is in constant engagement with the signal distributor to find mutual beneficial mechanisms to manage signal distribution costs.

Revenue is expected to grow by 15% to 20% in the forecast period; this is due to revised commercial revenue generation strategies which are expected to have the following impact on revenue: -

- Advertising revenue growth of 21%
- Sponsorship Revenue of 5%
- OTT and Digital Revenue of R120m - straight-lined

The Corporation maintained a satisfactory solvency and liquidity position and as at 31 March 2021 was able to meet both its long and short term obligations, as it has access to cash of R1.48 million and it applies prudent cash management and liquidity risk management mechanisms. Key financial ratios were positive. The solvency and current ratios were 1.63:1 and 1.62:1 respectively. In assessing the liquidity position, various short to medium cashflow forecasts were prepared, which took into account section 189 LRA evocation. Cashflow forecasts are prepared and monitored on a daily basis within acceptable levels. The forecasts indicate that the SABC will be able to meet its financial obligations as they fall due for at least the next 12 months.

Management has managed to secure on commercial terms a debt finance facility of R280 m which will be available to meet short term working capital requirements as necessary as at reporting date, there is no utilisation or draw down of facility as no need has arisen.

Management has considered a number of estimates, judgments and assumptions in performing the cashflow forecasts, the most significant of which are listed below:-

- Growth in content amortization of 51%
- No increase in signal distribution costs

The board of directors is satisfied that there are no material uncertainties that cast doubt on the company's ability to operate as a going concern and that the company has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future.

Based on this assessment, the directors consider it appropriate to adopt the going concern assumption for the preparation of the annual financial statements.

### 42. Non-current Assets Held For Sale

The group has decided to hold for sale its Property, plant and equipment and investment property due to a change in the SABC's property strategy. The assets are considered to be non-core assets and consist of residential and commercial properties.

The decision was made by the board of directors to hold for sale these assets in line with the implementation of the turnaround plan.

The non-current assets are to be sold piecemeal.

#### Assets and liabilities

##### Non-current assets held for sale

Figures in R '000	Group		Company	
	2021	2020	2021	2020
		Audited		Audited
Property, plant and equipment	960	-	960	-
Investment property	566	-	566	-
	1 526	-	1 526	-



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# REMEMBRANCE

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## Honouring SABC Employees

► *"The highest tribute to the dead is not grief but gratitude."*

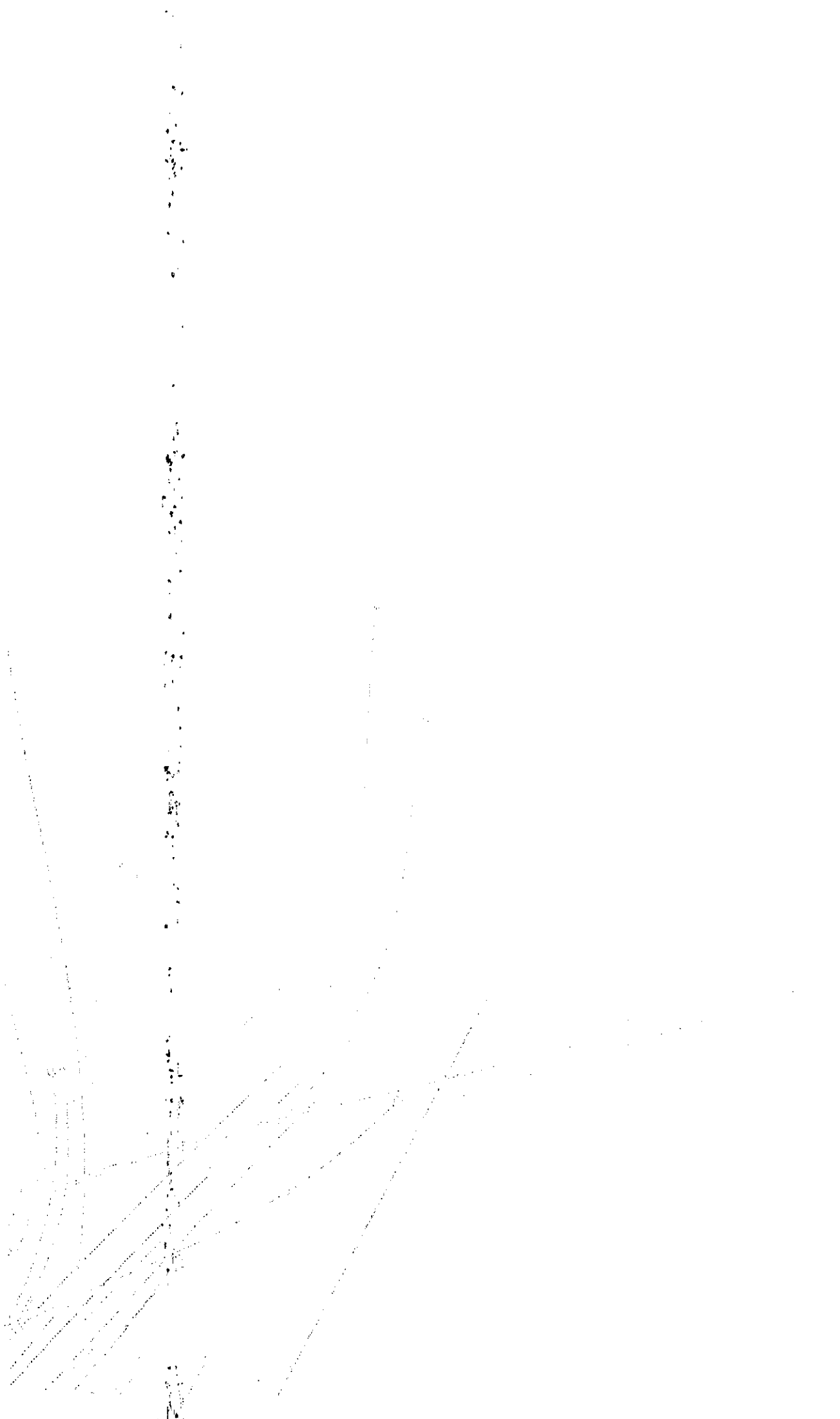
— Thornton Wilder

**This section is dedicated to SABC employees who have passed on during the year under review.**

Thank you for the knowledge you generously gave, the expertise and skills you shared with those around you, the time you devoted to the public broadcaster to ensure that it fulfils its mandate, and the rays of light that your spirit has left in the hearts of colleagues with whom you shared your days.

We will continue to fly the SABC flag high in your honour.

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# RISE UP SABC!

PHAKAMA SABC!

VUKA SABC!

PHUKA SABC!

YON! SABC!

NYO! SABC!

YON! SABC!

NYO! SABC!

YON! SABC!

NYO! SABC!

The theme for this annual report centres around the SABC represented symbolically as a Phoenix rising from the ashes of 2019/20.

This was reflected as a phrase in our languages that speaks to the resilience of our Corporation and our nation, during this challenging period and its journey to achieve greatness again through its mandate of Informing, Educating and Entertaining in the spirit of Ubuntu.

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## SABC TABLES 2021/22 ANNUAL REPORT

**Johannesburg – Tuesday, 11 October 2022** – The South African Broadcasting Corporation's (SABC) 2021/22 Annual Report was tabled in Parliament on Monday, 3 October 2022. The SABC's net loss improved by R329 million (62%) compared to 2020/21, resulting in a R543 million (73%) improvement in net loss over five years (2018 – 2022). Revenue grew by R90m (2%) year-on-year as a result of the marginal increase in sponsorship revenue.

The improvement in net loss was negatively impacted by the acquisition of sport rights of the Olympics, which accounts for 58% (R122 million) of the reported net loss. If not for the Olympics investment – which is a public mandate obligation – the operating position would have resulted in a loss of R78m – an 85% improvement from the previous fiscal.

Despite the revenue increase in 2021/22, revenue levels previously achieved in 2020 have yet to be realised primarily due to audience share decline. As a result, advertising revenue was significantly under budget by 23%. Revenue is projected to grow in 2022/23 and several initiatives are in progress to mitigating the risk. Further to the above, the SABC's public mandate continues to negatively affect the Corporation's financial performance with an average annual cost of R1,5 billion.

Brand awareness campaigns strengthened the TV Licence brand and contributed to enhanced TV licence collections by R26,6 million to a total of R815,1 million. However, the evasion rate remains high, at about 81.7%. Cash on hand at year-end 2021/22 was R1,18bn with R917m as the remainder of the recapitalisation funding, ringfenced for CAPEX, and content acquisition.

The Corporation's Audit Opinion remained 'Qualified with Findings'. Only one qualification area (from six years ago) remains. It relates to the completeness of the Irregular Expenditure register, due to historical opening balances as at 1 April 2020.

Over the past 5 years, the Corporation has consistently reduced its year-on-year expenditure reported as irregular due to non-compliance to policies and procedures.

The ability of the Corporation to maintain its going concern status remains an area of concern and ongoing monitoring. The underperformance in revenue generation put pressure on liquidity in the short term, but the Corporation continues to pursue several initiatives to manage day-to-day working capital and sustainably reduce the risk.

The Corporation has received several national and international accolades. These achievements and awards presented to News, Video Entertainment (TV) and Radio, are a recognition of the SABC's excellence in fulfilling its public mandate of informing, educating and entertaining South Africans.

**Ends**

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