

RISE UP SABC!
PHAKAMA SABC!
VUKA SABC!
PFUKA SABC!
TAN È SABC!
STYG UIT SABC!
EMELELA SABC!
TAKUWANI SABC!
PHAHAMA SABC!
GOLA O AKALALE SABC!

ANNUAL REPORT 2021



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 (SBC) Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/30).

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

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SCAN this QR code to take a virtual tour of the SABC.



SABC Headoffice in Auckland Park.

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List of Abbreviations/

ACRONYMS

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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 ¹
DRM	Digital Rights Management ²
DSB	Digital Sound Broadcasting
DSAT	Digital Satellite
DStv	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	QSE	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
MoI	Memorandum of Incorporation	SCOPA	Standing Committee on Public Accounts
MoU	Memorandum of Understanding	SEM	Socio-Economic Measure
MSL	Mzansi Super League	SNF	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
NQF	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
POWA	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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Ms Noxolo Grootboom's
last News broadcast.





AT A GLANCE
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AT A GLANCE
AT A GLANCE

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.

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;



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 Telugu. 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.



Radio personalities from Radio 2000, 5FM and Tru FM.



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.



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.

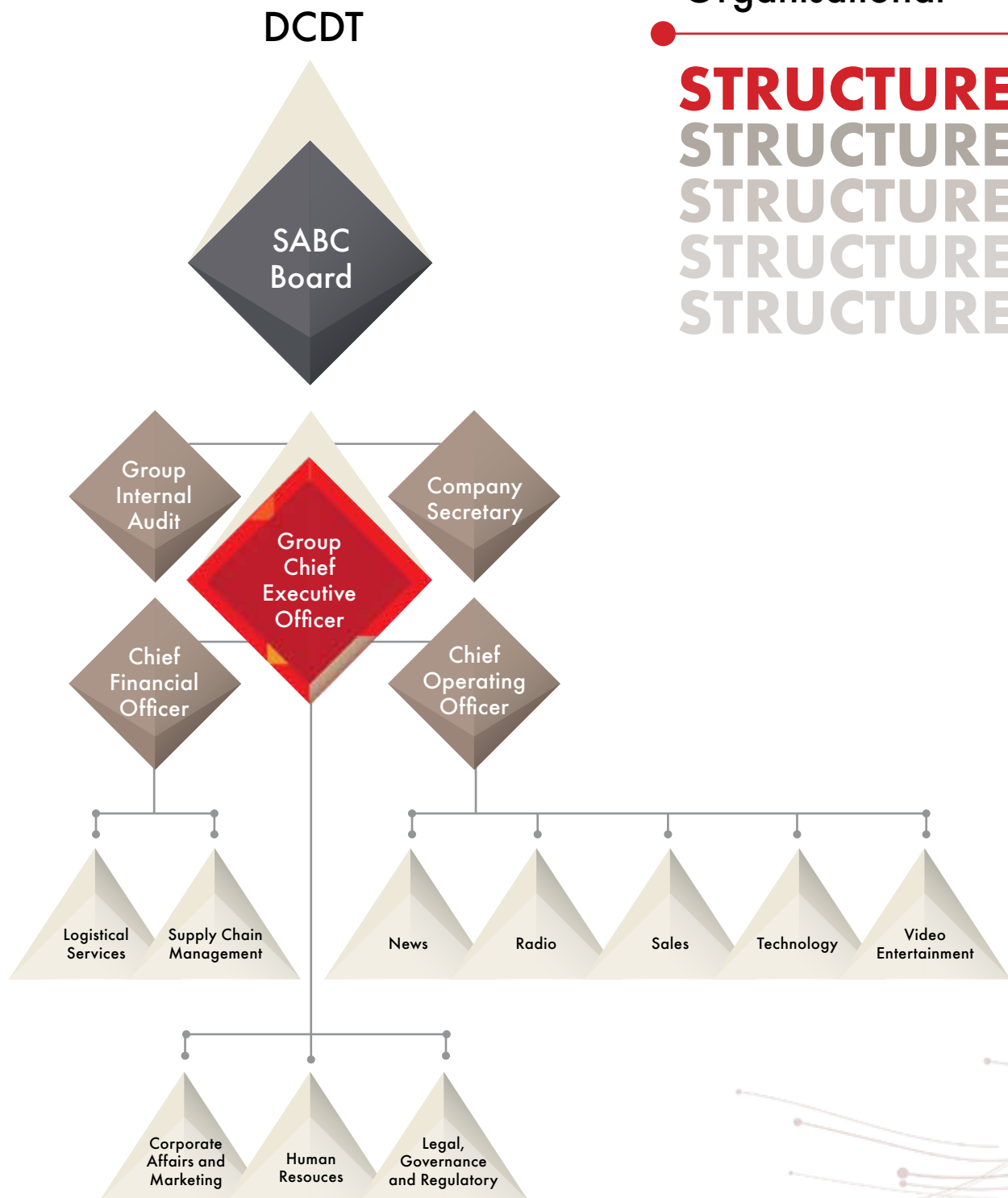


SABC News Channel is a full spectrum factuality platform which carries news and current affairs programming. It is the national market leader in the South African 24-hour news domain. Broadcast on the DSTv network (404), the channel offers rolling news, in-depth coverage and current affairs programming. 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.

Organisational

STRUCTURE
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FOREWORD

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FOREWORD

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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.

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 DCED.

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 Bongumusa Makhathini
Chairperson



▲ 2. Ms Mamodupi
Mohlala-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 (BATSA); 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



▲ 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 Plaatjes
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 Mohuba

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 Mohuba 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 (Saïd 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.

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.

SABC

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▲ **Mr Madoda Mxakwe**
Group Chief Executive Officer



▲ **Ms Yolande van Biljon**
Chief Financial Officer



▲ **Mr Ian Platjes**
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.

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.

Group Chief Executive Officer's

OVERVIEW 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.

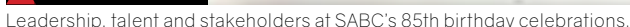
It is encouraging to witness commendable progress in implementing the turnaround plan of the SABC. By the end of the financial year, the SABC had achieved 74% of the Turnaround Plan's key actions, 17 months into a 36-month implementation period. From ensuring financial sustainability of the SABC, offering 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



I would also want to thank our partners. In a constrained economic environment and a pandemic that has completely

Mr Madoda Mxakwe
Group Chief Executive Officer

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.

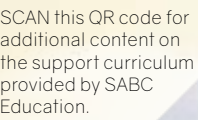
Despite these notable challenges, the SABC continued its journey of rehabilitation and renewal. Led by the Board and a stable management team, the Corporation made progress on implementing the Turnaround Plan. At the end of the year, 74% of the critical actions in the Turnaround Plan were complete or 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**



PERFORMANCE PERFORMANCE PERFORMANCE PERFORMANCE PERFORMANCE



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.



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.

STRATEGIC STRATEGIC STRATEGIC STRATEGIC STRATEGIC

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.

DELIVERY
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on Predetermined
Objectives

Outcome	Output	Output Indicator	FY2020/21 Target	Actual Performance	Target achieved/ Target not achieved	Comments
FINANCIAL SUSTAINABILITY						
GOAL: A Financially Sustainable Organisation						
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	
CONTENT AND PLATFORMS						
GOAL: Offer A Competitive and Innovative Multichannel Portfolio						
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	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	
	DIGITAL					
GOAL: SABC Everywhere For Everyone						
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 SABC Enterprise Digital Library development completed	10 Tender published	10 The gathering of requirements was still in progress at year-end	Target achieved Target not 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 facilities digitalised	Number of additional sites with functional dira! installations SABC Radio and TV websites development project milestones completed	8 SCM processes completed	0 The business case was approved by Group EXCO during the year.	Target not achieved 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	

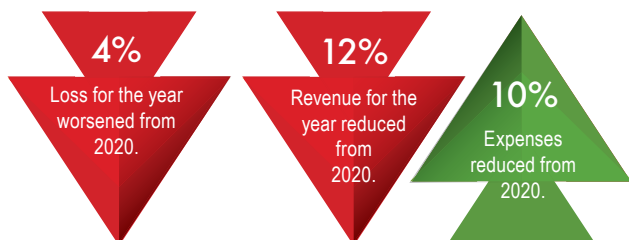
Outcome	Output	Output Indicator	FY2020/21 Target	Actual Performance	Target achieved/ Target not achieved	Comments
HUMAN RESOURCES						
GOAL: A Competent, Dynamic Workforce That Is Fit For Purpose						
To be a preferred employer with employees who are our brand ambassadors	Performance management system 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.
GOVERNANCE						
GOAL: Compliant Governance Practices, Risk Management And Sound Internal Controls						
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.
		Percentage of policies reviewed that are current in terms of the 2-year review cycle	50%	57%	Target achieved	
	Turnaround Plan implemented	Number of progress reports submitted to Board and Department of Communication and Digital Technologies	12	12	Target achieved	
PARTNERSHIPS						
GOAL: To Establish Strategic And Sustainable Partnerships						
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

Summary of

FINANCIAL FINANCIAL FINANCIAL FINANCIAL FINANCIAL Information

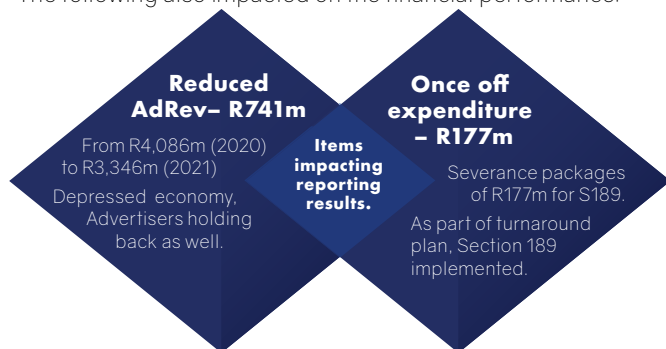
2021 HIGHLIGHTS

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.

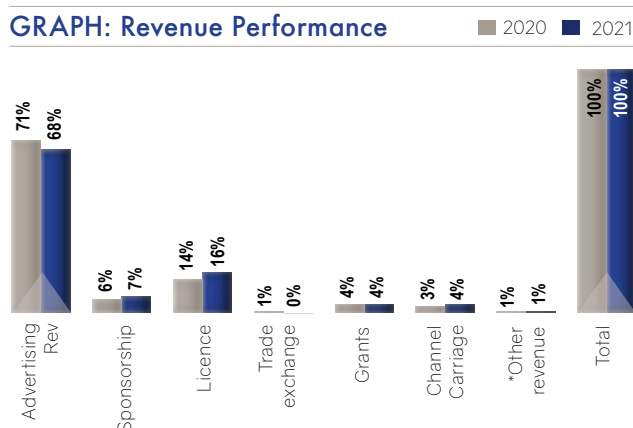
REVENUE PERFORMANCE

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%
Total Revenue	6,571.3	6,627.2	6,465.6	5,673.3	4,968.3		(705)	(12)%
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%
Operating Profit / (Loss) before interest & tax	(1,143.4)	(757.1)	(443.8)	(533.9)	(604.9)		(72)	13%

GRAPH: Revenue Performance



*Other revenue includes Mobile, Content Exploitation, Facilities, and other Income

ADVERTISING REVENUE

GRAPH: Advertising Revenue

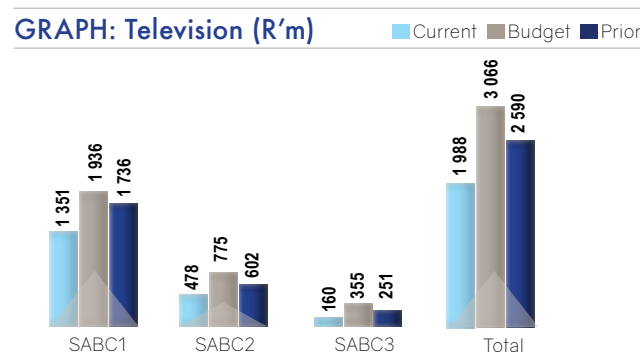


Advertising revenue declined by 18% (2020: 11%) due to the depressed economy compounded by the effects of the COVID-19 pandemic, lack of marketing and declining audiences.

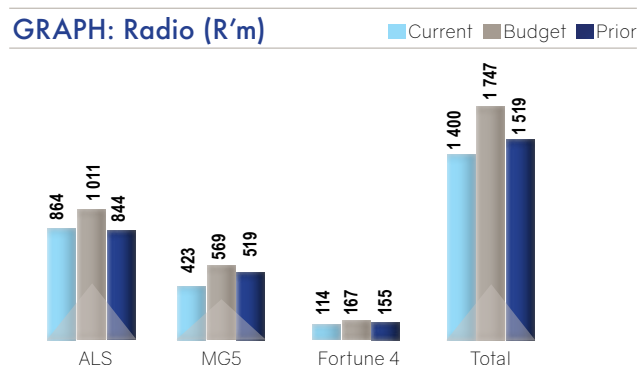
Radio stations advertising revenue declined across the Commercial Stations (METRO FM, Good Hope FM, 5FM,) by R97m (2020: R48m) and Fortune 4 (Radio 2000, Lotus FM, SAfm, and Radio Sonder Grense – RSG) declining by R23m (2020: R19m). However, the African Language Stations (ALS) improved by R20m (2020: - R46m).

Below is the further split of advertising revenue between different television and radio platforms:

GRAPH: Television (R'm)

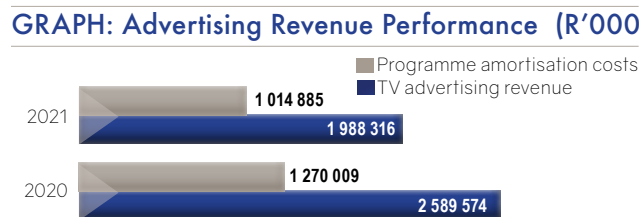


GRAPH: Radio (R'm)

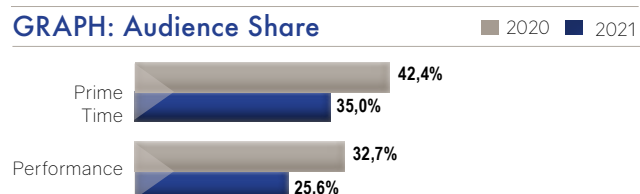


The COVID-19 pandemic resulted in delays in delivering fresh television program content. This negatively impacted the audience share and put further downward pressure on advertising and sponsorship revenue.

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.

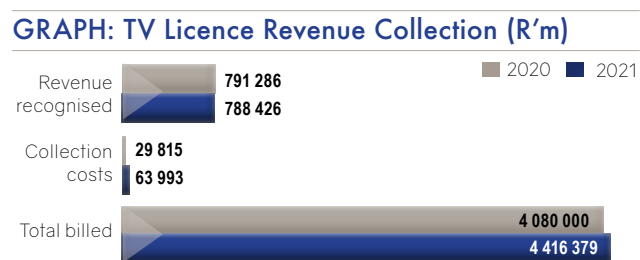
Digital Media Advertisement:

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)



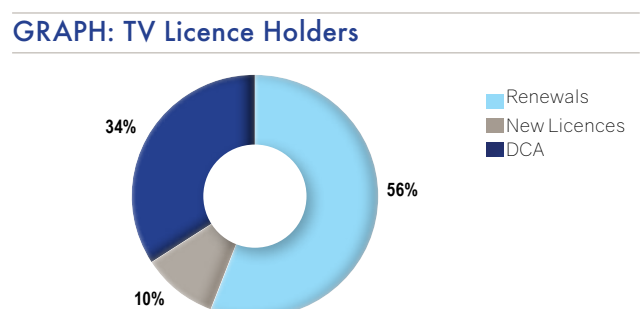
GRAPH: TV Fee Evasion Rate



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



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%).

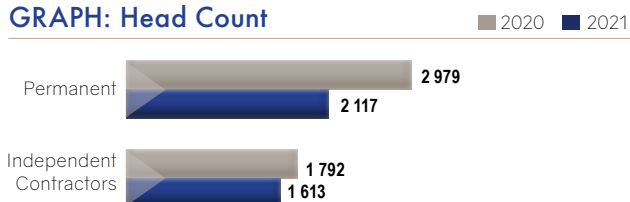
Expenditure

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 Operational, Personnel Admin and	2%	3%	(15,798)	(10%)
Other	9%	18%	(66,088)	(6%)
Total	100%	100%		

The amortisation of content as well as employee costs (including non-permanent) accounts for 66% (2020: 65%) of the SABC's total expenditure.

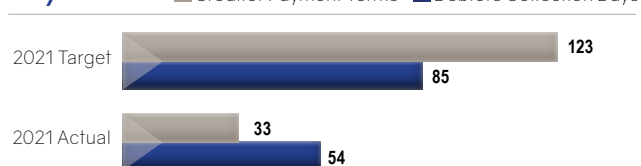
GRAPH: Head Count



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).

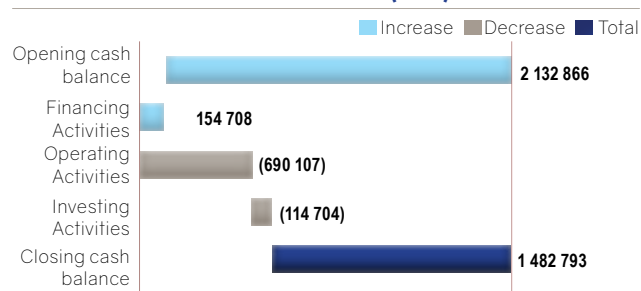
Working Capital Management:

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
Overall audit opinion	Qualified	Qualified	Qualified	Disclaimer	Adverse
Financial statements					
Going concern					
Property, plant and equipment					
Programme, film and sports rights					
Trade and other payables					
Irregular expenditure					
Taxation					
Deferred government grants					
Expenditure					
Performance information					
Compliance					

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.

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.

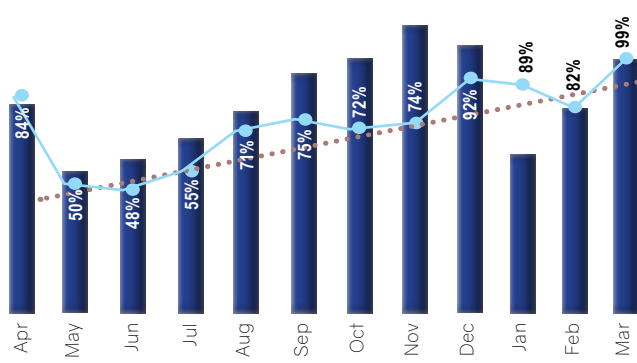
Face-to-face customer engagement models had to be discarded for more tech-centric solutions. Teams and Zoom Apps quickly became the new norm for selling and staying in touch with customers and agencies. Therefore, cellular data bundles rapidly became the new fuel for account executives to execute their 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.

Radio Sales
exceeds
targets

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



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

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, sabnews.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



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 Dikgong: 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**

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

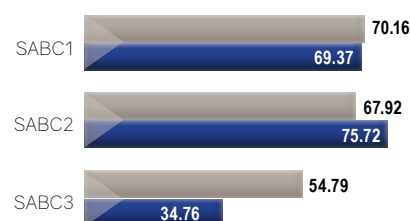
At the point of compilation, the final license delivery had not been finalised and approved by SABC Regulatory; the below contains the draft findings:

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 %

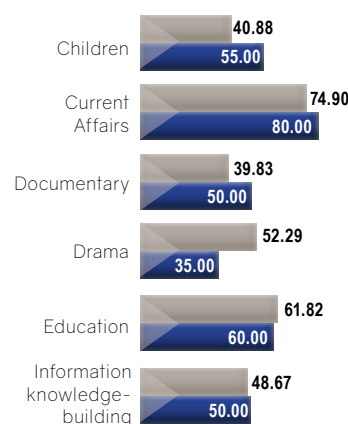


Source: Broadcast schedules April 2020 - March 2021

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

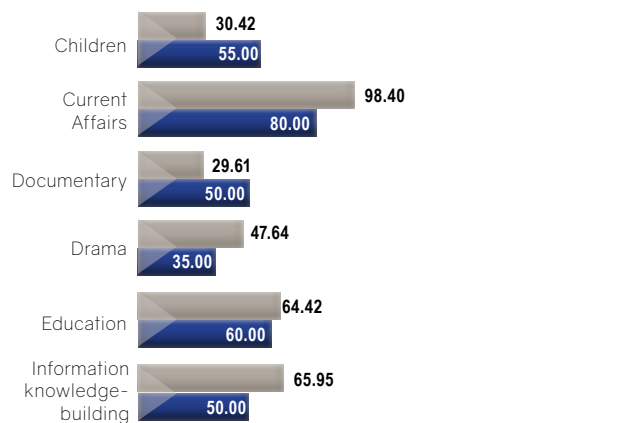


Source: Broadcast schedules April 2020 - March 2021

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.

GRAPH: SABC2

as PBS channel % local content per genre - % minutes

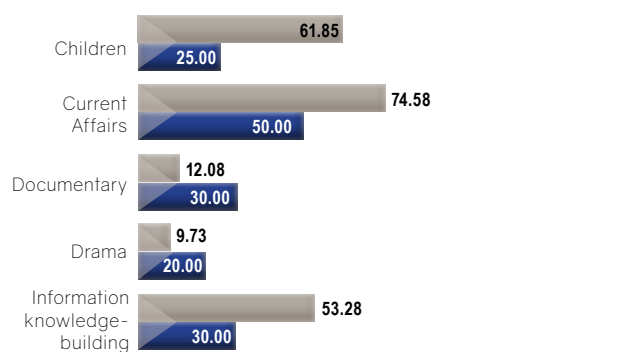


Source: Broadcast schedules April 2020 - March 2021

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

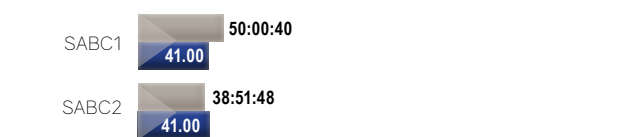


Source: Broadcast schedules April 2020 - March 2021

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

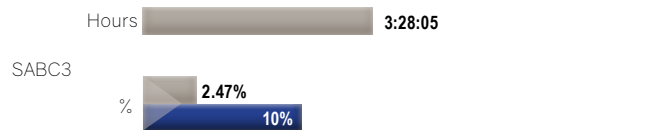


Source: Broadcast schedules April 2020 - March 2021

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

Channel	SABC1		
Day Part\Variable	AMR %	AMR	TSUSHR %
05:00:00-17:59:59	2.27	848 988	13.18
18:00:00-21:59:59	9.07	3 385 469	26.78
05:00:00-22:59:59	3.75	1 402 211	17.85
Channel	SABC2		
Day Part\Variable	AMR %	AMR	TSUSHR %
05:00:00-17:59:59	1.00	371 706	5.77
18:00:00-21:59:59	2.71	1 012 355	8.01
05:00:00-22:59:59	1.38	513 917	6.55
Channel	SABC3		
Day Part\Variable	AMR %	AMR	TSUSHR %
05:00:00-17:59:59	0.40	150 788	2.34
18:00:00-21:59:59	0.59	220 839	1.75
05:00:00-22:59:59	0.46	169 940	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	(r) 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 Falle	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.

SABC2

	Description (grouped)	Level 1	(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.

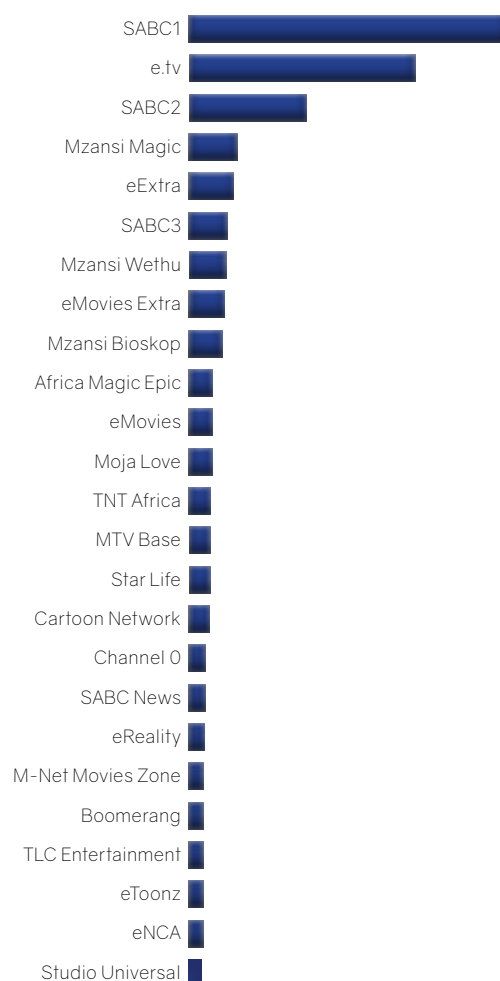
SABC3

	Description (grouped)	Level 1	(r) AMR	AMR	TSUSHR
1	Contagon	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, Contagon. 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 Espresso 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



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) is flexible and can be accessed anytime, anywhere, using any smart device. SEVA has developed and repurposed the Geleza Nathi (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) and is supported by social media networks, Facebook (<https://web.facebook.com/seva.co.za>), Twitter, YouTube (www.youtube.com/SABCEducationshows) and Instagram.

The SEVA digital promo is accessible at 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
Umkhobo Wenene FM	93	70
Ligwalagwala FM	89	70
Motsweding FM	79	70
Phalaphala FM	76	70
Thobela FM	82	70
Ukhozi FM	78	70
Ikwekwezi 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.

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
PCS 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.

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				
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	

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

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.

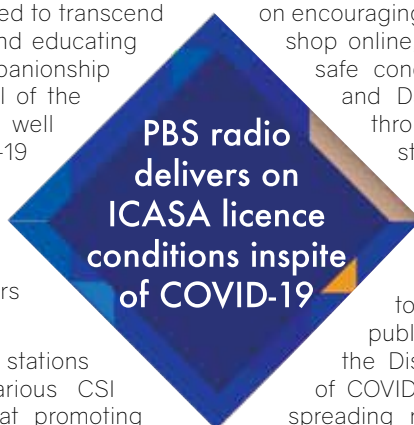
In January 2021, SABC Radio continued to drive massive campaigns to educate the public about the various lockdown levels of the Disaster Management Act. The new strain of COVID-19 which had gripped the country was spreading rapidly and all radio stations delivered programming aimed at educating the public 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



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.



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.

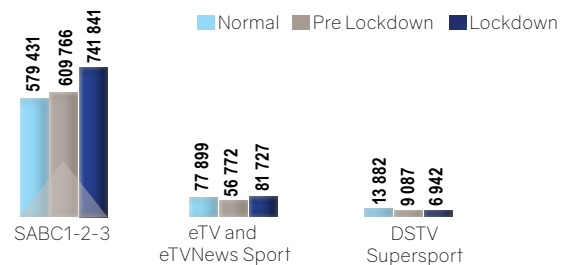
All the above challenges meant that the appointment of a new Head of Sport at the SABC in May 2020 came at a time that saw the SABC facing immense challenges. However, this

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

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

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 QSEs 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 QSEs 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%

- BBBEE Spend for all BBBEE 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%.
- QSE (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 diral 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

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 receipt 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.



The strategic partnership with the Global Citizens, carried live on SABC3 and digital platforms.

Corporate MARKETING MARKETING MARKETING MARKETING

Building the SABC Brand

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.

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 Licenses.

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



SABC1 and METRO FM's broadcast collaboration the Get2ether 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 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, Kgomoitso 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.

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.





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 of 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 Nal'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 AWARDS



SABC2'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



SABC2's children's programme "Behind the Rainbow" nominated as an inspiring doccic 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 doccic 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 - Ditlalemeso - (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)



SCAN this QR code to
take a virtual tour of the
SABC TVOB's.



GOVERNANCE GOVERNANCE GOVERNANCE GOVERNANCE GOVERNANCE



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.

Governance and

ACCOUNTABILITY ACCOUNTABILITY ACCOUNTABILITY ACCOUNTABILITY 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.



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;



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 GCEO. The GCEO is assisted by the Group Executive Committee (Group EXCO). The Delegation of Authority Framework, which annually undergoes an extensive review, assists in the control of the decision-making process and does not dilute the duties and responsibilities of the Directors.

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 Makathini (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 ¹	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 Platjes	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



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 Biljon	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 Biljon	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;

- 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:



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 ¹	1
Mr M T Mxakwe	3
Ms Y van Biljon	3
Mr I Plaatjes	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 Mol, 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 Mol 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

- 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 ¹	1
Ms J Patel ²	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:



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 Biljon	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 ¹	1
Mr D Maimela	4
Mr M T Mxakwe	4
Ms Y van Biljon	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;

- 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 ¹⁾	1
Mr D Maimela	4
Mr M T Mxakwe	4
Ms Y van Biljon	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.



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;

- 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 ¹	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 AUDIT 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,

- 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

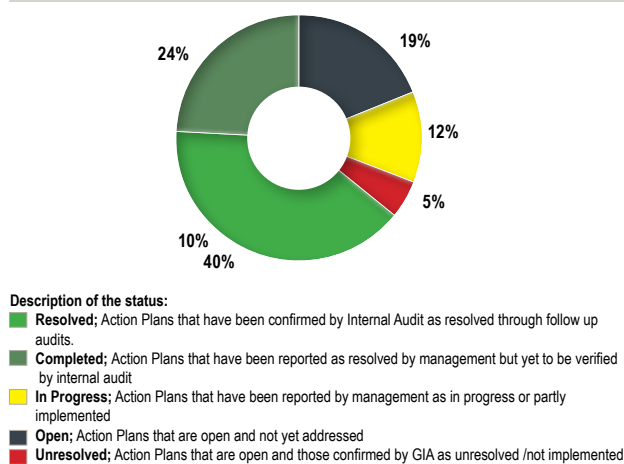
GIA is pleased to report the following performance against the annual plan approved by the ARC:

Performance Against the Plan	Annual
Number of planned audit projects	34
Outstanding project	7
Number unplanned projects requested by management	8
Total Audit Projects	49
Status of the audit projects	
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
Total Audit Projects	49
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.

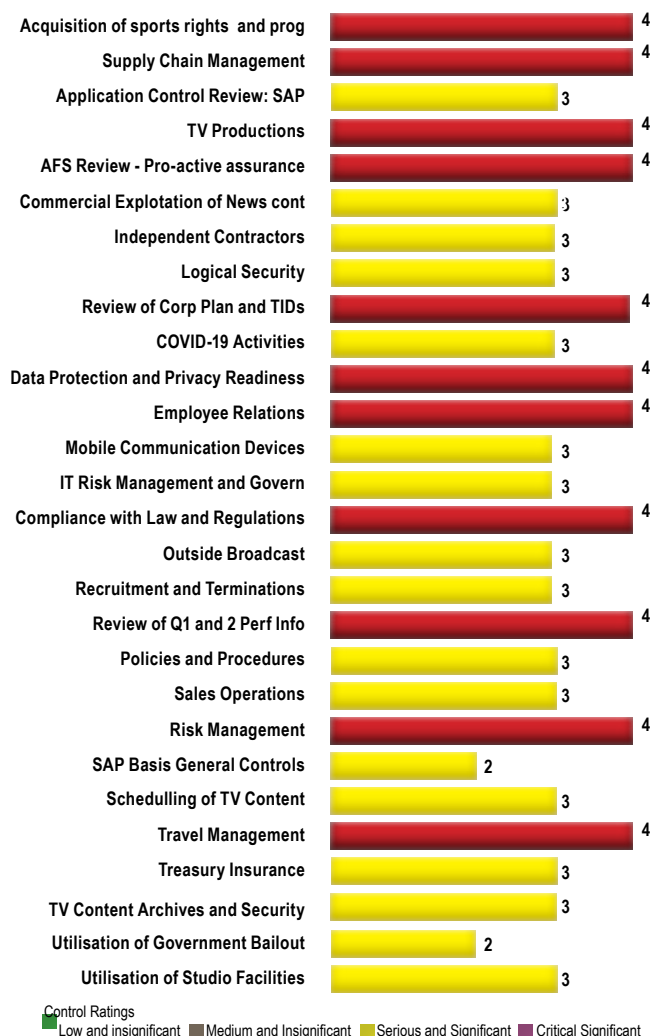
The response of the SABC to the COVID-19 pandemic should be applauded as business interruptions as a result of the pandemic, were adequately minimised and SABC employees were largely able to continue carrying out

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:

Requirement	Material/Significant
Section 50(1)	
The accounting authority for a public entity must –	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.
(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.	
Section 54(2)	
Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.	The SABC will inform the National Treasury of individual transactions covered by this section which are more than R50 million.
(a) Establishment or participation in the establishment of a company;	
(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	
(c) Acquisition or disposal of a significant shareholding in a company;	
(d) Acquisition or disposal of a significant asset;	
(e) Commencement or cessation of 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.	

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. Recommended Practice 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. Recommended Practice 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. Recommended Practice 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. Recommended Practice 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. Recommended Practice 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. Recommended Practice The leadership of any governing body is expressed by: • Steering the organisation and setting its strategic direction; • Approve policies and planning that give effect to the direction given; • overseeing and monitoring of implementation and execution by management; and • Ensuring accountability of organisational performance utilising, among others, reporting and disclosure	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	<p>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.</p> <p>Recommended Practice</p> <p>The accounting authority and executive authority should be transparent in the processes followed for the nomination, election, and appointment of governing body members.</p>	<p>Applied</p> <p>The board has a mix of diverse skills, knowledge, and experience to objectively discharge their governance responsibilities.</p>
8	Structure Committees	<p>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.</p> <p>Recommended Practice</p> <p>To ensure that there is no duplication of roles and responsibilities in structure committees.</p>	<p>Applied</p> <p>The board constitutes of different committees that attend and report on each committee's duties.</p>
9	Performance Evaluation	<p>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.</p> <p>Recommended Practice</p> <p>Appoint a lead independent director if there is no one to lead the evaluation of the Board and its committees.</p>	<p>Applied</p> <p>The performance evaluation was done just for the Board only by an external party. The process was led by one Non-Executive Director.</p> <p>Going forward the performance evaluation will be done for the Board, Committees, and individuals.</p>
10	Appointment and delegation of management	<p>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.</p> <p>Recommended Practice</p> <p>To facilitate structured decision-making processes at all levels and promote efficiency and effectiveness of governance in the organisation.</p>	<p>Applied</p> <p>Delegation of Authority Framework (DAF) is in place.</p>
11	Risk governance	<p>The accounting authority should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> <p>Recommended Practice</p> <p>Oversee the risk management including assessment of risks, threats, and opportunities.</p>	<p>Applied</p> <p>ERM Policy and ERM Framework in place.</p>
12	IT governance	<p>The accounting authority should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> <p>Recommended Practice</p> <p>Oversee effective, efficient, and secure management of technology, networks, and information throughout the organisation.</p>	<p>Applied</p> <p>IT Governance Framework in place but outdated.</p>
13	Compliance governance	<p>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.</p> <p>Recommended Practice</p> <p>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.</p>	<p>Applied</p> <p>Compliance Policy is in place.</p> <p>Compliance Charter in Place.</p> <p>Policy Management Framework in place.</p> <p>Conflict of Interest Policy in place.</p>
14	Remuneration	<p>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.</p> <p>Recommended Practice</p> <p>The remuneration policy in such a way to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture.</p>	<p>Applied</p> <p>Remuneration Policy is in place</p>
15	Combined Assurance Model	<p>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.</p> <p>Recommended Practice</p> <p>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.</p>	<p>Not applied</p> <p>Combined Assurance Model is being drafted.</p>
16	Stakeholders	<p>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.</p> <p>Recommended Practice</p> <p>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.</p>	<p>Not applied</p> <p>Stakeholder Engagement Policy is being drafted.</p>

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

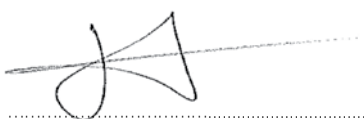
The Corporation has a Code of Business Conduct and Ethics in place, which aims to ensure that every employee of the Corporation shares the same values and levels of accountability.

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

ENVIRONMENTAL ENVIRONMENTAL ENVIRONMENTAL ENVIRONMENTAL

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 litany 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 RESPONSIBILITY RESPONSIBILITY RESPONSIBILITY RESPONSIBILITY



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

R¹/₂ a million
radio airtime
dedicated to
awareness



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 wide-spread 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.



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



- 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.

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 unrelenting 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





SCAN this QR code to listen to Berita's powerful song titled 'Ungandibulali' which formed part of the launch of SABC Radio's Don't Turn a Blind Eye campaign.

STOP
GENDER
VIOLENCE





HUMAN RESOURCES HUMAN RESOURCES HUMAN RESOURCES HUMAN RESOURCES HUMAN RESOURCES

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.

Human

RESOURCES RESOURCES RESOURCES RESOURCES RESOURCES



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.

37
disabled
female
employees

295
senior management
and professional
female
employees



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.

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
Grand Total	5 536 030	2 250 948	40,7%	2 117	1 053

* 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
Grand Total	2 250 948	100,0%	2 117	1 053

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%
Grand Total	-	2 250 948	0,0%

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	-
Grand Total	2 250 948	283 513	12,7%	795	357

Employment and Vacancies by Division

Division	2019/2020 No. of Employees	2018/2019 Vacancies	2019/2020 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%
Grand Total	2 979	184	2 117	-	0,0%

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

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%
Grand Total	2 979	184	2 117	-	0,0%

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
Grand Total	2 979	15	877	2 117	-862

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%
Grand Total	877	100,0%

Employment Equity Targets and Status

Level	African		Coloured		Indian		White		Disabled Staff	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
MALE										
Top Management	1	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	-	-	-	-	-	-	-	-	-	-
Grand Total	774	1 134	80	128	47	148	115	245	19	61
FEMALE										
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	-	-	-	-	-	-	-	-	-	-
Grand Total	831	1 165	94	155	56	80	120	225	37	51



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.

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.

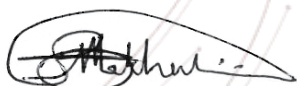
The audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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) (SOC) 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.

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 (PPPPA), 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.

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.

STATEMENT of Financial Position as at 31 March 2021

Figures in R`000	Note(s)	Group		Company	
		2021	2020 Audited	2021	2020 Audited
Assets					
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
Total non-current assets		3 357 648	2 428 637	3 357 648	2 430 398
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	-
Total current assets		2 718 387	3 754 428	2 716 112	3 751 141
Non-current assets held for sale and assets of disposal groups	42	1 526	-	1 526	-
Total Assets		6 077 561	6 183 065	6 075 286	6 181 539
Equity					
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)
Total equity		2 980 934	2 994 172	2 978 615	2 993 216
Liabilities					
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
Total non-current liabilities		1 426 810	1 245 400	1 426 810	1 245 400
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
Total current liabilities		1 669 818	1 943 493	1 669 863	1 942 923
Total Liabilities		3 096 628	3 188 893	3 096 673	3 188 323
Total Equity and Liabilities		6 077 562	6 183 065	6 075 288	6 181 539

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
Operating loss before finance costs and tax loss		(604 922)	(533 877)	(604 524)	(533 313)
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)	-
Loss before taxation		(530 175)	(510 881)	(531 539)	(510 365)
Taxation	30	-	(497)	-	(497)
Loss for the year		(530 175)	(511 378)	(531 538)	(510 862)

STATEMENT of Comprehensive Income

Figures in R`000	Note(s)	Group		Company	
		2021	2020 Audited	2021	2020 Audited
Loss for the year		(530 175)	(511 378)	(531 538)	(510 862)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
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)
Total items that will not be reclassified to profit or loss		523 349	(1 147 496)	523 349	(1 147 496)
Other comprehensive income for the year net of taxation		523 349	(1 147 496)	523 349	(1 147 496)
Total comprehensive (loss) income		(6 826)	(1 658 874)	(8 189)	(1 658 358)

STATEMENT of Changes in Equity

	Share capital	Fair value adjustment reserve	Retained earnings	Total equity
Figures in R`000				
Group				
Audited Balance at 1 April 2019	1	8 932	1 446 633	1 455 566
Loss for the year	-	-	(511 378)	(511 378)
Other comprehensive income	-	(2 520)	(1 147 496)	(1 150 016)
Total comprehensive Income for the year	-	(2 520)	(1 658 874)	(1 661 394)
National Treasury funding	3 200 000	-	-	3 200 000
Total contributions by and distributions to owners of company recognised directly in equity	3 200 000	-	-	3 200 000
Unaudited Balance at 1 April 2020	3 200 001	6 412	(212 241)	2 994 172
Loss for the year	-	-	(530 175)	(530 175)
Other comprehensive income	-	(6 412)	523 349	516 937
Total comprehensive Loss for the year	-	(6 412)	(6 826)	(13 238)
Unaudited Balance at 31 March 2021	3 200 001	-	(219 067)	2 980 934
Note(s)	13			
Company				
Audited Balance at 1 April 2019	1	8 932	1 445 161	1 454 094
Loss for the year	-	-	(510 862)	(510 862)
Other comprehensive income	-	(2 520)	(1 147 496)	(1 150 016)
Total comprehensive Income for the year	-	(2 520)	(1 658 358)	(1 660 878)
Other 2	3 200 000	-	-	3 200 000
Total contributions by owners of company recognised directly in equity	3 200 000	-	-	3 200 000
Unaudited Balance at 1 April 2020	3 200 001	6 412	(213 197)	2 993 216
Loss for the year	-	-	(531 539)	(531 539)
Other comprehensive income	-	(6 412)	523 349	516 937
Total comprehensive Loss for the year	-	(6 412)	(8 189)	(14 601)
Balance at March 31, 2020	3 200 001	-	(221 386)	2 978 615
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 Audited	2021	2020 Audited
Cash flows from operating activities					
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)
Net cash from operating activities		(690 107)	(1 209 867)	(689 836)	(1 209 962)
Cash flows from investing activities					
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)
Net cash from investing activities		(114 704)	(85 832)	(114 704)	(85 771)
Cash flows from financing activities					
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
Net cash from financing activities		154 708	3 355 952	154 708	3 355 952
Total cash movement for the year		(650 103)	2 060 253	(649 833)	2 060 219
Cash at the beginning of the year		2 132 866	72 613	2 129 579	69 360
Total cash at end of the year	12	1 482 793	2 132 866	1 479 746	2 129 579

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).

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 live, considering the environment in which the SABC functions where technological advancements can render certain assets obsolete and also on the assertion that none of the assets have material residual values at the end of the expected useful life.

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-



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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-

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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-

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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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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. If

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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 SABC'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.

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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

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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

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
Total	3 703 379	(2 246 443)	1 456 936	3 596 808	(2 110 878)	1 485 930

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
	1 485 930	116 364	(3 738)	(960)	(4 078)	(136 580)	1 456 936
	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
	1 542 918	102 234	(10 483)	-	(1 382)	(147 357)	1 485 930

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 Audited	2021	2020 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
	2021			2020		
	Group					
Investment property	9 739	(375)	9 364	19 631	(9 701)	9 930
	Company					
Investment property	9 739	(375)	9 364	19 631	(9 701)	9 930
Reconciliation of investment property				Opening balance	Classified as held for sale	Total
	Group and Company					
	2021					
Investment property				9 930	(566)	9 364
	2020					
Investment property				9 930	-	9 364
	Group			Company		
Figures in R`000	2021	2020		2021	2020	
		Audited			Audited	

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	Group and Company					
5.1 Computer software and Other	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	2021			2020		
Computer software	430 587	(371 634)	58 953	429 160	(365 749)	63 411
Reconciliation of Computer software	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
	2021					
Computer software, other	63 411	745	-	682	(5 885)	58 953
	2020					
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
Total	7 786 672	(7 317 114)	469 559	6 912 806	(6 418 972)	493 833

Reconciliations of Programme, film and sports rights

	Group and Company						Total
	Opening balance	Additions	Cost adjustment relating to derecognised assets	Transfers	Amortisation	Net impairment reversed/ (raised)	
	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
	493 833	1 008 340	(5 238)	-	(1 014 883)	(12 493)	469 559
	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
	519 663	1 248 514	(6 175)	-	(1 270 009)	1 844	493 833

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
Closing balance	1 796 473	775 103	1 796 473	775 103

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)	-
Assets recognised in the statement of financial position	1 796 473	775 103	1 796 473	775 103

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
Closing defined benefit obligation	10 955 534	9 814 426	10 955 534	9 814 426

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
Fair value plan assets at the end of the year	13 402 550	10 589 529	13 402 550	10 589 529

The amounts recognised in profit or loss are determined as follows:	79 630	(221 388)	79 630	(221 388)
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)
Net periodic pension charge	780 606	(1 520 355)	780 606	(1 520 355)

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 %

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 %
	13 402 550	100,00 %	10 591 549	100,00 %	12 821 357	100,00 %
	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)	-	-	-	-	-
Surplus	1 796 473	775 103	2 049 940	852 872	1 333 672	805 420

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	Group		Carrying amount 2021	Carrying amount 2020
			% holding 2021	% holding 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.

Notes to the Audited Annual Financial Statements continued

8. Other Financial Assets	Group		Company	
Figures in R`000	2021	2020 Audited	2021	2020 Audited
At fair value through OCI – designated				
Listed shares	-	7 319	-	7 319
143,257 shares designated as FVTOCI				
At fair value through profit or loss – held for trading				
Listed shares	8 528	-	8 528	-
143257 shares reclassified to FVTPL				
Total other financial assets	8 528	7 319	8 528	7 319
Non-current assets				
Opening balance	-	10 567	-	10 567
FFair value adjustment OCI reclassification date	-	(3 248)	-	(3 248)
	-	7 319	-	7 319
Current assets				
Held for trading (fair value through income)	8 528	-	8 528	-
	8 528	7 319	8 528	7 319

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)
	4 063	4 279	4 063	4 279

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	-	-	-	-
Total trade and other receivables	633 833	843 326	634 605	843 326
Split between non-current and current portions				
Current assets	633 833	843 326	634 605	843 326
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	633 833	843 326	634 605	843 326

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..

	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:	2021		2020	
	Group			
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)
Total	568 542	(37 299)	620 952	(51 207)
	Company			
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)
Total	568 542	(37 299)	620 952	(51 207)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	Group		Company	
Figures in R`000	2021	2020 Audited	2021	2020 Audited
Opening balance in accordance with IFRS 9	(51 206)	(44 335)	(51 206)	(44 335)
Provisions reversed on settled trade receivables	4 673	6 123	4 673	6 123
Other	9 234	(12 995)	9 234	(12 995)
Closing balance	(37 299)	(51 207)	(37 299)	(51 207)

Exposure to currency risk

Refer to note 34 for details of currency risk management for trade receivables.

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 Audited	2021	2020 Audited
Loss allowance	(13 907)	6 872	(13 907)	6 872
TV Licence debtor impairment	113 934	69 502	113 934	69 502
	100 027	76 374	100 027	76 374

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	-
	1 482 793	2 132 866	1 479 746	2 129 579

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 (MoI) 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 MoI 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
	1 001	1 001	1 001	1 001

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)	-
Closing balance at 31 March	-	(6 412)	-	(6 412)

The fair value adjustment reserve relates to fair value adjustments of other financial assets which were reclassified at year end to profit/loss.

Notes to the Audited Annual Financial Statements continued

15. Government Debt Instrument

Figures in R'000	Group		Company	
	2021	2020 Audited	2021	2020 Audited
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	-	-	-	-
	14 913	14 913	14 913	14 913

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)
Non-current portion	-	(4 499)	4 499

Installment sale liabilities	Minimum lease payments R'000	Interest R'000	Principal R'000	Minimum lease payments R'000	Interest R'000	Principal 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
Total	3 764	56	3 708	19 190	1 460	17 730

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)
Non-current portion	113 755	150 146

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.

Notes to the Audited Annual Financial Statements continued

18. Deferred Tax

Deferred tax liability	Group		Company	
Figures in R'000	2021	2020	2021	2020
		Audited		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)
Total deferred tax liability	(5 099 581)	(3 666 591)	(5 099 581)	(3 666 591)
Deferred tax asset				
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
Total deferred tax asset	6 264 956	4 687 227	6 264 956	4 687 227
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
Total net deferred tax asset	1 165 375	1 020 636	1 165 375	1 020 636
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	-	-	-	-
Closing balance of deferred tax recognised	-	-	-	-
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
Available for utilisation in future years	1 631 565	629 280	1 631 565	629 280

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.

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
	1 285 244	1 038 668	1 285 244	1 038 668

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
	187 401	209 632	187 401	209 632
Total Statement of Financial Position obligations for employee benefits	1 472 645	1 248 300	1 472 645	1 248 300

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
	212 744	175 111	212 744	175 111

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)
Closing defined benefit obligation	1 198 687	941 900	1 198 687	941 900

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)
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	319 229	(63 930)	319 229	(63 930)

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

Healthcare cost inflation	1% decrease (1 084 304)	Base (8.90%) (1 198 687)	1% Increase (1 334 637)
Discount rate	1% decrease (1 334 706)	Base (12.40%) (1 198 687)	1% Increase (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:

	Group		Company	
Figures in R'000	2021	2020 Audited	2021	2020 Audited

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

Closing defined benefit obligation	91 749	100 144	91 749	100 144
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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

Salary Inflation	1% decrease (89 925)	Valuation Basis (91 749)	1% Increase (93 815)
Discount rate	1% decrease (99 798)	Valuation Basis (91 749)	1% increase (84 692)

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 Audited	2021	2020 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
	469 453	741 357	469 498	740 787

Non-financial instruments:

Personnel related liabilities	199 748	58 684	199 748	58 684
VAT	56 255	18 629	56 255	18 629
	725 456	818 670	725 501	818 100

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
	302 412	128 216	(7 665)	(122 537)	300 426
	2020				
Legal proceedings	207 626	20 325	-	(962)	226 989
Other provisions	48 690	29 110	-	(2 377)	75 423
	256 316	49 435	-	(3 339)	302 412

• 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.

Notes to the Audited Annual Financial Statements continued

23. Revenue

Revenue from contracts with customers	Group		Company	
Figures in R`000	2021	2020	2021	2020
		Audited		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
	4 757 568	5 453 956	4 757 568	5 453 956

Revenue other than from contracts with customers

Revenue recognised from government grants	195 634	198 525	195 634	198 525
	4 953 202	5 652 481	4 953 202	5 652 481

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
Total contract liabilities	191 402	363 287	191 402	363 287

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
	19 380	262 416	19 380	262 416

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
	(171 885)	280 442	(171 885)	280 442

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.

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	-	-	-	-
	363 287	82 845	363 287	82 845

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	-
	15 063	20 320	15 063	20 320

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

Items recognised in other comprehensive income:

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
	3 550 820	3 973 944	3 550 820	3 973 944

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
	56 820	78 417	56 820	78 417

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.

Notes to the Audited Annual Financial Statements continued

29. Net Finance Gain

	Group		Company	
Figures in R'000	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)
Net financing gain/(loss)	73 808	22 996	73 808	22 948

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)
Tax effect of adjustments on taxable income				
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
	-	(497)	-	(497)

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
	-	(497)	-	(497)

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
	-	-	-	-

Notes to the Audited Annual Financial Statements continued

31. Cash Generated from Operations

	Group		Company	
Figures in R`000	2021	2020 Audited	2021	2020 Audited
Loss before taxation	(530 175)	(510 881)	(531 539)	(510 365)
Adjustments for:				
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)
Changes in working capital:				
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
	2 405	16 410	2 405	16 410

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
	(651)	(27 943)	(651)	(27 943)

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.

Notes to the Audited Annual Financial Statements continued

34. Financial Instruments and Risk Management

Categories of financial instruments

Categories of financial assets

	Note(s)	Fair value through profit or loss – Mandatory	Amortised cost	Total	Fair value
Group					
2021					
Trade and other receivables	11	-	633 833	633 833	-
Cash and cash equivalents	12	-	1 482 793	1 482 793	-
Other financial assets	8	8 528	-	8 528	8 528
		8 528	2 116 626	2 125 154	8 528

	Note(s)	Fair value through other comprehensive income equity instruments	Amortised cost	Total	Fair value
2020					
Trade and other receivables	11	-	843 326	843 326	-
Cash and cash equivalents	12	-	2 132 866	2 132 866	-
Other financial assets	8	7 319	-	7 319	7 319
		7 319	2 976 192	2 983 511	7 319

	Note(s)	Fair value through profit or loss – Mandatory	Amortised cost	Total	Fair value
Company					
2021					
Trade and other receivables	11	-	634 605	634 605	-
Cash and cash equivalents	12	-	1 479 776	1 479 776	-
Other financial assets	8	8 528	-	8 528	8 528
		8 528	2 114 381	2 122 909	8 528

	Note(s)	Fair value through other comprehensive income equity instruments	Amortised cost	Total	Fair value
2020					
Trade and other receivables	11	-	843 326	843 326	-
Cash and cash equivalents	12	-	2 129 579	2 129 579	-
Other financial assets	8	7 319	-	7 319	7 319
		7 319	2 972 905	2 980 224	7 319

	Note(s)	Amortised cost	Loans and borrowings	Total	Fair value
Categories of financial liabilities					
Group					
2021					
Trade and other payables	21	469 453	-	469 453	-
		469 453	-	469 453	-
2020					
Trade and other payables	21	741 357	-	741 357	-
Loans and borrowings	16	-	17 730	17 730	-
		741 357	17 730	473 262	-

Notes to the Audited Annual Financial Statements continued

	Note(s)	Amortised cost	Loans and borrowings	Total	Fair value
Company					
2021					
Trade and other payables	21	469 498	-	469 498	-
Loans and borrowings	16	-	3 764	3 764	-
		469 498	3 764	473 262	-
2020					
Trade and other payables	21	740 787	-	740 787	-
Loans and borrowings	16	-	17 730	17 730	-
		740 787	17 730	758 517	-

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 Audited	2021	2020 Audited
FNB/Rand Merchant Bank		-	-	-	-
Nedbank		-	-	-	-
ABSA Corporate and Merchant Bank		13 800	32 864	13 800	32 864
Unutilised		9 355	15 000	9 355	15 000
Asset finance (available to settle capital commitments)					
Provided		7 800	341	7 800	341
Utilised		(3 749)	(341)	(3 749)	(341)
Unutilised		4 051	-	4 051	-
Guarantees					
Provided		280 000	-	280 000	-
Utilised		-	-	-	-
Unutilised		280 000	-	280 000	-
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
Total borrowings		488 130	774 000	488 175	773 430
Cash and cash equivalents	12	(1 482 793)	(2 132 866)	(1 479 746)	(2 129 579)
Net borrowings		(994 663)	(1 358 866)	(991 571)	(1 356 149)
Equity		2 980 934	2 996 711	2 978 614	2 995 735
Gearing ratio		16 %	26%	16 %	26%

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
31 March					
Gross carrying amount-Trade receivables	504 799	21 208	8 769	33 766	568 542
	504 800	21 210	8 869	33 866	568 542
1 April					
Expected loss rate	1%	2%	100%	100%	-
Gross carrying amount-Trade receivables	541 085	34 601	11 065	34 201	620 952
	541 086	34 603	11 165	34 301	620 952

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:	Group		Company	
Figures in R`000	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 R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter
2021						
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	-
	512 176	512 176	476 198	6 745	25 470	-
2020						
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	-
	813 940	814 030	544 497	13 361	25 789	-

* 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.

		US Dollar '000	Rand '000
The Group's exposure to foreign currency risk based on notional amounts was as follows:			
2021			
Trade payables		(47)	(416)
Gross financial position exposure		(47)	(416)
Net financial position exposure		(47)	(416)
2020			
Trade payables		(292)	(5 229)
Gross financial position exposure		(292)	(5 229)
Net financial position exposure		(292)	(5 229)
The following significant exchange rates applied during the year:		Reporting date spot rate during the year:	
	Average Rate		
	2021	2020	2021
USD 1	16.58	14.77	14.78
EUR 1	19.27	17.83	17.33
			2020
			17.88
			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
	1 479 029	2 115 136	1 479 029	2 111 849

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	Level 2 R'000	Level 3 R'000
Financial assets	Group							
Other financial assets								
FVPL	-	-	-	-	7 319	7 319	-	-
FVOCI	8 528	8 528	-	-	-	-	-	-
Financial assets at amortised cost								
Trade and other receivables	633 833	-	-	-	843 325	-	-	-
Cash and cash equivalents	1 482 763	-	-	-	2 132 866	-	-	-
Total Financial assets	2 125 124	8 528	-	-	2 983 510	7 319	-	-
Fiancial liabilities								
Financial liabilities measured at amortised cost								
Government debt instrument	(14 913)	-	-	-	(17,401)	-	-	-
Loan and borrowings	(3 764)	-	-	-	(17 730)	-	-	-
Trade and other payables	(469 453)	-	-	-	(741 357)	-	-	-
Net financial liabilities	1 636 994	8 528	-	-	2 209 510	7 319	-	-

Notes to the Audited Annual Financial Statements continued

	2021				2020			
	Carrying amount	Level 1	Level 2	Fair value	Carrying amount	Level 1	Level 2	Fair value
	R'000			Level 3	R'000			Level 3
		R'000	R'000	R'000		R'000	R'000	R'000
Company								
Other financial assets								
FVPL	-	-	-	-	7 319	7 319	-	-
FVOCI	8 528	8 528	-	-	-	-	-	-
Financial assets at amortised cost								
Trade and other receivables	634 605	-	-	-	843 326	-	-	-
Cash and cash equivalents	1 479 746	-	-	-	2 129 579	-	-	-
Total Financial assets	2 122 879	8 528	-	-	2 980 224	7 319	-	-
Financial liabilities								
Financial liabilities measured at amortised cost								
Government debt instrument	(14 913)	-	-	-	(14 913)	-	-	-
Loan and borrowings	(3 764)	-	-	-	(17 730)	-	-	-
Trade and other payables	(469 498)	-	-	-	(740 787)	-	-	-
Net financial liabilities	1 634 704	8 528	-	-	2 206 794	7 319	-	-

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
Net carrying amounts of right-of-use assets				
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
	17 488	28 856	17 488	28 856
Additions to right-of-use assets				
Buildings	3 823	33 867	3 823	33 867
Office equipment	-	10 694	-	10 694
	3 823	44 561	3 823	44 561
Depreciation recognised on right-of-use assets				
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
	18 589	15 705	18 589	15 705
Other disclosures				
Interest expense on lease liabilities	2 148	3 146	2 148	3 146
Lease liabilities				
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)
	19 038	30 599	19 038	30 599
Non - current liabilities	8 717	17 110	8 717	17 110
Current liabilities	10 321	13 489	10 321	13 489
	19 038	30 599	19 038	30 599

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
Totals	1 059 203	1 268 440	1 059 203	1 268 440

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 R'000	Foreign commitments USD'000	R'000	Total 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
	-	-	-	-
	-	-	-	-
Total commitments	863 968	9 594	142 134	1 006 102

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 as 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

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.

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
	-	-	2 240	2 240

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
	174 752	99 022	174 752	99 022

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
	23 493	2 135	23 493	2 135

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
	727 404	822 782	727 404	822 782

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
	1 515	105 942	1 515	105 942

Goods and Services are purchases from related parties on an arm's length basis at market related prices

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
	379 183	291 342	382 071	303 427

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	-
	240 764	1 884 866	255 816	775 103

(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
For the year ended 31 March 2021						
Channel Africa	5 583	55 130	(50 539)	-	-	10 174
	5 583	55 130	(50 539)	-	-	10 174
For the year ended 31 March 2020						
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

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 commisions R'000	Cheque Expenses and other allowance R'000	Employer's contribution to pension fund, medical aid and other R'000	Total
Year ended 31 March 2021							
Non-executive Directors							
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
Executive Directors							
Mxakwe MT	Group Chief Executive Officer	12	3 679	-	1 357	717	5 753
Van Biljon Y	Chief Financial Officer	12	2 150	-	835	377	3 362
Plaatjies IC	Chief Operating Officer	12	2 252	-	622	460	3 334
Senior Management							
Bayi LV	Company Secretary	12	1 714	-	626	341	2 681
Zikode TP	Chief Audit Executive	12	1 863	-	677	374	2 914
Wotshela NN	Group Executive: Radio	12	1 938	-	713	380	3 031
Mosia M	Group Executive: Human Resources	12	1 354	-	487	281	2 122
Ntuli GM	Group Executive: Corp Affairs and Marketing	12	1 536	-	538	328	2 402
Magopeni PP	Group Executive: News	12	1 602	-	645	281	2 528
Naicker M	Group Executive: Television	12	1 560	-	447	314	2 321
Nxumalo R	Group Executive: Commercial Enterprises	11	1 490	-	549	293	2 332
Williams RV	Group Executive: Commercial Enterprises (Acting)	-	1 204	-	307	284	1 795
Vanara NJ	Group Executive: Governance and Assurance (Acting)	12	1 433	-	806	252	2 491
Tladi SN	Group Executive: Commercial Enterprises (Acting)	1	1 019	-	548	226	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
Year ended 31 March 2020							
Non-executive Directors							
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
Executive Directors							
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
Senior Management							
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
Molwa MP	Group Executive: Corp Affairs and Marketing (Acting)	8	770	-	479	164	1 413
Tladi SN	Group Executive: Co mmercial 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
Makubane DE	Group Executive: Television (Acting)	3	266	-	153	58	477
Bedil WR	Group Executive:Co mmercial Enterprises (Acti ng)	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.

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
Procurement policy/process not followed			
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.

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
		21 253	27 398

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.

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	-





REMEMBERANCE REMEMBERANCE REMEMBERANCE REMEMBERANCE REMEMBERANCE

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.





RISE UP SABC!
PHAKAMA SABC!
VUKA SABC!
PFUKA SABC!
TAN È SABC!
STYG UIT SABC!
EMELELA SABC!
TAKUWANI SABC!
PHAHAMA SABC!
GOLA O AKALALE 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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