

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!

CORPORATE PLAN
FY2022/23 to FY2024/25





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



SABC Head Office in Auckland Park.

CONTENTS

CONTENTS

CONTENTS

CONTENTS



Foreword by the Chairperson	4	
Foreword by the Group Chief Executive Officer	6	
Overview and Background	8	
Official Sign Off	8	
Glossary of Terms	9	
PART A: OUR MANDATE	10	
1. SABC Mandate	12	
2. SABC Charter	12	
3. Legislative and Other Policy Changes	13	
4. Institutional Policies and Strategies	15	
5. Relevant Court Rulings	17	
PART B: OUR STRATEGIC FOCUS	18	
6. Situational Analysis	20	
7. External Environment Analysis	20	
8. Internal Environment Analysis	28	
PART C: MEASURING OUR PERFORMANCE	40	
9. Strategic Planning Process	42	
10. SABC Performance Information	42	
PART D: FINANCIAL YEAR 2022/23 TO 2024/25 BUDGET	48	
ANNEXURES	56	
Annexure A	Borrowing Plan	58
Annexure B	Risk Management Framework	58
Annexure C	SABC Anti Fraud and Corruption Strategy	71
Annexure D	Significance and Materiality Framework	79

FOREWORD FOREWORD FOREWORD FOREWORD FOREWORD

by the Chairperson

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

- Justice Keogile Elias Matojane, 2017¹

Two years into the worst global pandemic for a century and faced with the rise of pervasive mis/disinformation, the role of an independent, trusted public broadcaster has become more important than ever. As noted last year, this mis/disinformation has undermined trust in public institutions across the globe and fuelled division through conspiracy theories, hate speech, racism, and xenophobia.



In the last four years, the SABC has demonstrated the importance of maintaining sound governance and ethical leadership, including the necessary controls to entrench a sustainable public broadcasting service that supports South African citizens and constitutional democracy.

The courts have recognised the vital relationship between public broadcasting and the proper functioning and strengthening of democracy. It therefore follows that the funding of the public broadcaster should be seen as a constitutional imperative.

SABC's Turnaround Plan is based on the principle that the sustainability of the public broadcaster - through the financing of public mandate programming - is crucially important to constitutional democracy.

In the context of ongoing policy review processes, led by the Department of Communications and Digital Technologies (DCDT), the SABC Board and management have made proposals for funding the public broadcaster that consider the corporation's unique role, public mandate, and cost base. These publicly available proposals include:

- The implementation of a technology-neutral, device-independent, public media levy to replace the existing television licence, including part collection of the levy by the dominant subscription broadcaster, on the public broadcaster's behalf.
- An increase in direct funding for public interest programming by relevant government departments without compromising SABC's independent editorial independence. (These departments include Education;

¹SOS Support Public Broadcasting and Others vs the SABC, Minister of Communications and Hlaudi Motsoeneng, 2017.

Sports, Arts and Culture; and Health). Currently direct government funding for the public broadcaster amounts to only 3% of total revenue.

- Regulatory changes to the Must Carry Regulations to ensure subscription broadcasters are required to comply with the ECA and enter commercial negotiations with the SABC to carry SABC-owned channels.
- A reduction in the SABC's signal distribution costs. In this regard, the SABC and Sentech are currently involved in a process with the Competition Commission to address what the public broadcaster sees as monopoly pricing for terrestrial television and radio distribution.

When taken together, the successful implementation of these four public policy goals, through legislation and regulation, could have a significant impact on the long-term sustainability of the SABC, including funding the SABC's unfunded public mandate, which costs the Corporation over R2bn annually.

These policy proposals are not made because the SABC is looking for a 'free pass' on operational efficiency and competitiveness, but in order to solve the sustainability challenge that the SABC faces, provided it is properly governed and competitively managed. Internal operational and commercial imperatives, together with the proposed policy and legislative changes, are all core to the SABC's Turnaround Plan.

For this Board, the main priority is to achieve goals that are fully within its reach, whilst at the same time persuading government, regulators, and the public about the need for expeditious policy and legislative changes.

While these policy processes unfold, the SABC continues to operate in a highly commercialised and competitive environment and remains one of the world's public broadcasters that is most dependent on commercial revenue, with 80% of total revenue generated from advertising, sponsorship, and programme exploitation. This means that the SABC was significantly exposed to declining advertising spend during the first 18 months of the pandemic. It is worth mentioning that the pandemic has not only been a public health crisis but has been severe and unforgiving to companies in both the public and private sectors. The SABC's financial performance has not been spared and has set the organisation back, as it has with many other organisations.

While financial performance has been under pressure, the SABC has remained committed to expediting two mission critical digital distribution projects. The long-delayed broadcasting digital migration project received fresh impetus in the second half of 2021, and by the time this Corporate Plan was submitted, the SABC had switched off its analogue transmitters in the following five provinces: Free State, North-West, Northern Cape, Limpopo, and Mpumalanga. The SABC is currently evaluating post-migration audience figures in these provinces and will consider key metrics, including percentage installation of boxes, before switching off transmitters in the last four provinces, namely Eastern Cape, KZN, the Western Cape and Gauteng. The public broadcaster has a constitutional duty to ensure that millions of analogue-only TV households are not left behind and has been working assiduously with

the DCDT, Sentech and other role players to ensure that this does not happen.

As stated last year, the SABC continues to support the principle of technology neutrality and continues to implement DTT, DTH and streaming, whilst at the same time trying to drive down the cost of DTT through negotiation and regulatory intervention.

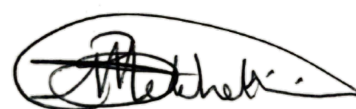
The second project is just as important to the SABC's future. In 2022, the SABC will implement an Over-the-Top (OTT) streaming strategy fully, with the short-term goal of leveraging online and mobile platforms to allow customers to access all SABC content and services anywhere, anytime and on any device. The streaming platform will consolidate all SABC television and radio content for IP transmission over mobile and web. The potential for this platform is huge and remains one of the missing pieces of the SABC's distribution strategy. By procuring its own streaming platform, the SABC will be able to control its destiny in this regard.

Without sustained investment in the right digital infrastructure and compelling content, a public media organisation cannot survive. The Board cannot stress enough the importance of increased investment in new television content. It is critical that SABC content procurement and commissioning processes are streamlined, in order for the SABC to be able to compete with other broadcasters and global streaming giants for top content. The Board has engaged the Shareholder Ministry and discussions are underway with National Treasury to allow SABC exemption from some PFMA stipulations.

This is the last Corporate Plan to be presented by the current Board before its end of term in October 2022. The Board will do so acknowledging that while much has been achieved, more is still to be done to address the structural, market and regulatory issues that have remained unchanged and continue to be prejudicial to the public broadcaster.

The Board is committed to continue to engage with the Shareholder Ministry and other stakeholders to find solutions to these challenges, before handing over the baton to a new Board in October 2022.

The Board would like to thank the Minister for her tireless support of the SABC since her appointment last year. Finally, the Board salutes the SABC management and employees who continue to show great dedication and resilience in these difficult economic and social conditions. The organisation has been through major, and sometimes painful, changes in the past few years, and the Board appreciates Management's commitment and its loyalty to building a stable and sustainable public broadcaster for generations to come.



Mr Bongumusa Makhathini
Chairperson: SABC Board

Date: 28 February 2022

FOREWORD

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FOREWORD

by the Group Chief
Executive Officer

► "Greatness is a lot of small things
done well." – Ray Lewis



This corporate plan serves as a continuation of our commitment to deliver on the SABC's Turnaround Plan in order to fulfil our public mandate of educating, informing and entertaining the nation. It contains the strategic focus of the SABC for the next three years.

In November 2019, when the implementation of the SABC's Turnaround Plan commenced, the Corporation had 36 months in which to implement the key actions contained in the plan. Now, 28 months into the 36-month implementation period, the Corporation has implemented 96% of the key actions, and almost all the key actions that are within its control to implement. This is a feat that has been achieved against great odds, including a devastating global pandemic, a tough economic environment, and other internal and external constraints. It is an incredible achievement that demonstrates the depth of commitment that we all share to see the SABC become the institution it deserves to be.

However, it is important to put this significant achievement in perspective. The turnaround initiative to make the SABC 'a high-performing, financially sustainable, digitised national public broadcaster that provides compelling, informative, educational and entertaining content via all platforms' is a multi-year journey that can be broken down into three phases: **Stabilising Phase; Sustaining Phase** and **Growth Phase**.

The **Stabilising Phase (FY2017 – FY2019)** involved the re-introduction of business fundamentals (including strong fiscal management), addressing legacy governance failures, the re-introduction of sound governance and risk management practices, the development of a Turnaround Plan, and securing funding to implement the plan.

The current phase – the **Sustaining Phase (FY2020 – FY2022)** is where the organisation is. This phase involves the implementation of the Turnaround Plan. Furthermore, a complete leadership team has been appointed; a new Target Operating Model and a new organisational structure have been developed and implemented; a key cost driver (employee compensation) has been reigned in; new revenue generation models have been developed and are being implemented; more prudent content acquisition practices have been developed and are being implemented; and some non-core properties have been disposed of, with more to be done in this area as market conditions become

conducive to the disposal of the non-core properties that remain. The digital transformation of the SABC is also part of the plan and this is being implemented. The plan also requires legislative and regulatory reforms to be made to enable the SABC to compete fairly and to fulfil its mandate in a way that is financially sustainable.

The work done thus far has achieved the immediate goal of averting the imminent collapse of the SABC and has moved it into a position where, once the legislative and regulatory impediments are removed, we can pursue the aims of the final phase – the Growth Phase. The returns on the work during the first two phases are starting to show traction, with revenue generation showing significant improvement in the past few months. During the 2021/2022 financial year, the SABC recorded profitability in two quarters – an impressive achievement in difficult times. Moreover, for the past three fiscal years, there has been a significant year-on-year reduction in net losses, coupled with improvements in revenue generation and audit outcomes.

The **Growth Phase (FY2023 onwards)** should see full acceleration of the Corporation's efforts as it operates unencumbered. During this phase, the SABC should be able to realise the full benefit of all the work done and investment made during the Stabilising and Sustaining Phases. The full realisation of the goals of this phase requires that all the legislative and regulatory impediments that currently exist be removed. In their absence, the SABC will be able to compete fairly in terms of content acquisition and revenue generation, including maximum exploitation of its content. It will be able to make choices regarding its operations based on the primary considerations of mandate fulfilment and financial sustainability. In their absence, the SABC will be a model self-sustaining public broadcaster.

The strategic intents remain as outlined in the previous Corporate Plan, but the focus will now be on leveraging and embedding the new target operating model and supporting organisational structure to expedite delivery.

A particular focus in the next year will be our efforts to increase the proportion of content on all our platforms that is funded through partnerships, both public and private. It is important that we make every effort to stretch our limited resources as we work to fulfil our public mandate. Partnerships are one way in which we will seek to do that. We will also continue to protect our significant share of radio audiences through the provision of relevant, informative, and entertaining content.

The audiences on all our platforms (television, radio, digital) are not only the most reliable measure of the relevance and appeal of our offerings, but they are also the only currency that enables us to generate revenue to fund our expansive public broadcasting mandate. It is therefore important that we retain those that we have, whilst continuously making an effort to attract more. The success of our revenue generation efforts hinges on our ability to retain our existing audiences and to grow them, where possible.

Growth at the SABC will not be possible in the absence of total digital transformation of the organisation. The SABC's own OTT platform that we plan to launch this year will be a significant milestone in our journey. The intended return on the investment that we will be making on this platform will also require that other integrated projects be brought to completion. These include digitising our legacy material and upgrading our internal systems. The implementation of these projects this will continue to receive attention.

A lot of work has been done in turning the SABC around and setting it back on the right course. However, a myriad of challenges still lie ahead and require that we maintain our focus. A significant challenge that the Corporation continues to face is the restrictive legislative and regulatory environment under which it is required to operate. This environment not only restricts the Corporation's ability to seek out and make use of the best signal distribution options for our purposes, but it also hampers our ability to compete effectively in terms of video content acquisition and limits our ability to maximise the revenue potential of our content. We will continue to engage policymakers and regulators in earnest to urge them to make the necessary changes that will afford the SABC the best chance of realising its vision.

This Corporate Plan also highlights the various aspects of the SABC's work in its continuing effort to provide greater transparency and accountability to the public at large. For important national organisations such as the SABC, the threat to good governance is ever-present. In this regard, we will continue to guard our gains at re-establishing good governance across the organisation jealously, as well as strengthen our internal controls by embedding the SABC's values in the workforce. Work to establish strong, stable, values-based leadership capability at multiple levels of the organisation will continue. Tough choices lie ahead, but this envisioned calibre of leadership at multiple levels of the organisation remains our best chance of insulating the SABC from future harm.

I will continue to rely on the dedication and commitment of the SABC's employees that I humbly lead, the stewardship of the SABC Board, and the support of the Shareholder and all South Africans, to deliver on the commitments made by this plan. It is only by working together to the very best of our abilities that we will be able to fulfil our public mandate of informing, educating, and entertaining the nation.



Mr Madoda Mxakwe
Group Chief Executive Officer

Date: 28 February 2022

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and Background

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

SABC content is available on multi-platform services. The SABC strives to keep expanding its services to all through various advancements in technology. This ensures compliance with the universal service mandate of the SABC. Fulfilling this extensive mandate, and given the SABC's current funding model, comes with considerable challenges. Increased competition for viewers and listeners results in intense financial pressure on the broadcaster's business model.

Concerns about media concentration and the need to enhance diversity of editorial content are becoming increasingly important. Equally important is the ever-growing phenomenon of 'fake news'. In this context, it is critical for the Corporation to be seen as a credible source of a wide range of voices and perspectives in South Africa. Over the period that this Corporate Plan is in effect, the SABC will continue in its efforts to re-shape itself to respond to these challenges. The Corporation seeks to fundamentally transform its programming, operations and management, in an effort to fulfil its mission and realise its vision.

Vision

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

Mission

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

Values

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

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

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

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

Official

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It is hereby certified that this Corporate Plan:

- Was developed by the management of the South African Broadcasting Corporation (SABC) under the guidance of the SABC Board.
- Considers all relevant policies, legislation, and other mandates for which the SABC is responsible.
- Accurately reflects the outcomes and outputs which the SABC will endeavour to achieve over the period FY2022/2023 to FY2024/2025.



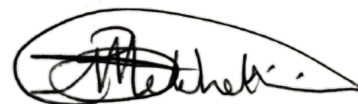
Mr Ian Platjes
Chief Operations Officer
28 February 2022



Ms Yolande Van Biljon
Chief Financial Officer
28 February 2022



Mr Madoda Mxakwe
Group Chief Executive Officer
28 February 2022



Mr Bongumusa Makhathini
Chairperson: SABC Board
28 February 2022

GLOSSARY

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of Terms

AAVS	Audio and Audio-Visual Content Services
AG	Auditor General
ARA	Industry Association for Responsible Alcohol Use
ARC	Audit and Risk Committee
ASO	Analogue Switch-off
BAC	Bid Awards Committee
B-BBEE	Broad-Based Black Economic Empowerment
BCCSA	Broadcasting Complaints Commission of South Africa
BCEA	Basic Conditions of Employment Act
BDM	Broadcast Digital Migration
BEC	Bid Evaluation Committee
BRC	Broadcast Research Council
CAGR	Compound Average Growth Rate
CAPEX	Capital Expenditure
CDN	Content Delivery Network
CFO	Chief Financial Officer
COO	Chief Operating Officer
COVID-19	Corona Virus
CPI	Consumer Price Index
CSI	Corporate Social Investment
DAF	Delegation of Authority Framework
DCDT	Department of Communications and Digital Technologies
DEL	Department of Employment and Labour
DOH	Department of Health
DSTV	Digital Satellite Television
DTH	Direct-to-Home
DTIC	Department of Trade Industry and Competition
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television
DTTB	Digital Terrestrial Television Broadcast
EAP	Economically Active Population
EBAF	Enterprise Broadcast Architecture Framework
ECA	Electronic Communications Act
ECS	Executive Committee Senate
EMC	Executive Management Committee
EME	Exempted Micro Enterprise
EPG	Electronic Programme Guide
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
EU	European Union
EXCO	Executive Management Committee
FCC	Final Control Centre
FET	Further Education and Training
FM	Frequency Modulation
FPB	Film and Publication Board
GIS	Geographic Information Systems
GCEO	Group Chief Executive Officer
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HRC	Human Rights Commission
IAJ	Institute for Advancement of Journalism
IBA	Independent Broadcasting Authority
ICASA	Independent Communications Authority of South Africa
ICT	Information Communications and Technology
IFRS	International Financial Reporting Standards
IIASA	Institute of Internal Auditors South Africa
IM	Information Memorandum
IMT	International Mobile Telecommunications
IP	Internet Protocol
ITA	Invitation to Apply
ITU	International Telecommunication Union
JOSHCO	Johannesburg Social Housing Company

King IV	King IV Code of Corporate Governance for South Africa™
LTCP	Long Term Capex Plan
MAM	Media Asset Management
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NED	Non-Executive Director
NIA	National Intelligence Agency
OOH	Out-of-Home
OPEC	Organisation of the Petroleum Exporting Countries
OTT	Over-the-Top
PBS	Public Broadcasting Services
PCS	Public Commercial Service
PFMA	Public Finance Management Act No. 1 of 1999
PIFSA	Printing Industries Federation of South Africa
PMO	Project Management Office
POCA	Prevention of Organised Crime Act, as amended
PPPFA	Preferential Procurement Policy Framework
PR	Public Relations
PRECCA	Prevention and Combating of Corrupt Activities Act
PSA	Public Service Announcements
PWC	Price Waterhouse Coopers
QSE	Qualifying Small Enterprise
R&D	Research and Development
RAM	Radio Audience Measurement
ROI	Return on Investment
SA	South Africa
SAB	South African Breweries
SABC	South African Broadcasting Corporation (SBC) Limited
SABS	South African Bureau of Standards
SANEF	SA National Editor's Forum
SAPO	South Africa Post Office
SAPS	South African Police Service
SARS	South African Revenue Services
SETA	Sector Education Training Authority
SME	Small and Medium Enterprises
SMME	Small Medium Micro Enterprise
SONA	State of the Nation Address
Stats SA	Statistics South Africa
SSA	State Security Agency
STB	Set Top Box
TAMS	Television Audience Measurement Survey
TOM	Target Operating Model
TR	Treasury Regulation
TTA	Target Technologies and Architectures
TV	Television
TVWS	TV White Space
USAASA	Universal Services Access Agency of South Africa
VE	Video Entertainment
VOD	Video on Demand
WLAN	Wireless LAN
WSP	Workplace Skills Plan





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● ———▶ Our Mandate

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1. SABC Mandate

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

Public and Commercial Broadcasting Service Mandate

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

- Constitution of the Republic of South Africa No. 108 of 1996, as amended.
 - Broadcasting Act No. 4 of 1999, as amended.
 - Independent Communications Authority of South Africa Act No. 13 of 2000, as amended.
 - Electronic Communications Act No 36 of 2005, as amended.
 - Companies Act No. 71 of 2008, as amended.
- In executing its mandate, the SABC is also guided by:
- The Public Finance Management Act (PFMA), No 1 of 1999, as amended.
 - The King IV Code of Corporate Governance for South Africa™ (King IV).
 - South African National Treasury Regulations. And
 - The SABC's Delegation of Authority Framework (DAF).

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

2. SABC Charter

The Broadcasting Act prescribes the following objectives for the SABC:

- a) Making its services available throughout South Africa.
- b) Providing sound and television broadcasting services, whether by analogue or digital means, and providing sound and TV programmes of information, education and entertainment, funded by advertising, subscription, sponsorship, licence fees or any other means of finance.
- c) Acquiring, from time to time, a licence or licences for such period and subject to such regulations, provisions and licensing conditions as may be prescribed.
- d) Providing, in its public broadcasting services, radio and television programming that informs, educates and entertains.
- e) Being responsive to audience needs, including the needs of the deaf and the blind, and accounting on how to meet those needs.
- f) Providing other services, whether or not broadcasting or programme supply services, such services being ancillary services.
- g) Providing 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.
- h) Providing to other bodies, by such means and methods as may be convenient, services, programmes and material to be transmitted or distributed by such bodies, and to receive from such other bodies services, programmes and material to be transmitted by stations of the Corporation for reception as above.
- i) Commissioning, compiling, preparing, editing, making, printing, publishing, issuing, circulating and distributing, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, video tapes, audio-visual and interactive material, whether analogue or digital, and whether on media now known or hereafter invented, as may be conducive to any of the objects of the Corporation.





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.

- j) Establishing and maintaining libraries and archives containing material relevant to the objectives of the Corporation and making available to the public such libraries and archives with or without charge.
- k) Organising, presenting, producing, providing or subsidising 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) Collecting news and information in any part of the world and in any manner that may be thought fit and establishing and subscribing to news agencies.
- m) Carrying out research and development work in relation to any technology relevant to the objects of the Corporation and acquiring by operation of law, registration, purchase, assignment, licence or otherwise, copyright and designs, trademarks, trade names and any other intellectual, industrial and commercial property rights.
- n) Nurturing South African talent and training people in production skills and carrying out research and development for the benefit of audiences.
- o) Developing, producing, manufacturing, purchasing, acquiring, using, displaying, selling, renting or disposing of sound recordings and films and materials and apparatus for use in connection with such sound recordings and films.
- p) Developing and extending the SABC's services beyond the borders of South Africa.

3. Legislative and Policy Changes

For longer than the term of the current Board the SABC has actively pursued changes to legislation, policies and regulations that have severely impacted on the public broadcaster. It is over 23 years since the Corporation's founding statute, the Broadcasting Act, has been enacted with

no significant changes since then. The Corporation has actively participated in every review process, providing comprehensive input each time. Unfortunately, the pace of the legislative reform process has been extremely slow. Notwithstanding the voluminous submissions made during the term of this Board and despite the progress achieved in turning around the internal operations of the SABC, the delays in addressing material policy and regulatory challenges continue to place the turnaround effort of the Corporation at significant risk.

During the next financial year, and for the duration of the MTEF, the SABC will continue to actively push for the policy and regulatory changes necessary to ensure the Corporation's sustainability. The following are the key policies, statutes and regulations currently under review which will continue to receive the SABC's active focus and engagement

Audio and Audiovisual Content Services Policy

Despite the publishing of the Audio and Audiovisual Content Services (AAVCS) Draft White Paper in October 2020, not much progress has been made in finalising the White Paper and tabling amended legislation. The SABC and other broadcasters had been involved in help shape the draft White Paper, which the DCDT had published for public comment. The Draft White Paper addressed policy imperatives applicable to the current broadcasting environment and the disruptors in the digital and online spheres. In February 2021, the SABC made a comprehensive submission in response to the content of the Draft White Paper and further made an oral submission at the hearings held by the DCDT in June 2021. The submission included vitally important proposals on funding the unfunded mandate of the SABC and how to deal with the SABC's funding model going forward. The policy is still pending finalisation by the DCDT.

The South African Broadcasting Corporation SOC LTD Bill, 2021 (SABC Bill)

In a parallel process to the AAVCS Draft White Paper, the DCDT initiated another process to repeal the Broadcasting Act of 1999 by publishing the SABC draft Bill on 16 July 2021. The SABC noted in its written and oral submissions that the SABC Bill needed to be dealt with in step with the AAVCS process as they were intricately linked and related. It noted further none of the public broadcaster's submissions on the AAVCS had been taken into account in the proposed SABC Bill. The SABC has made the following key submissions in response to the Bill:

- Revised key definitions.
- Governance framework guided by court judgements.
- Provision for the editorial independence of the Corporation.
- Establishment of a new prescribed public media levy, and to set out the determination, enforcement and collection thereof.
- Removal of the provision for separate public and public commercial divisions.
- Alignment of the SABC Act with the amendments to the Electronic Communications Act, 2005.

The SABC has further submitted a proposed SABC Bill to the DCDT for consideration that tries to align with the draft White Paper. The bill is pending finalisation.

Review of Must Carry Regulations

In 2017 soon after the appointment of this Board, the SABC made an urgent plea to ICASA that the Must Carry regulations be reviewed to align with the statute. The 2008 regulations hadm wrongfully in the SABC's view, provided an

obligation for pay-TV servicees to carry SABC channels but free of charge. This obligation disregarded the provisions of the statute and the value of SABC channels, giving pay-TV services undue leverage to grow their services through SABC content. The SABC has engaged ICASA on the Must Carry challenges and made submissions following ICASA's publication of a Discussion Document in 2020, and a Findings Document and Draft Regulations in 2021. ICASA had undertaken to complete the Must Carry regulatory process by March 2022. The DCDT published the Audio and Audio-Visual Content Services (AAVCS) Draft White Paper in October 2020 for public comment. The SABC supports the proposal in the AAVCS Draft White Paper for the removal of the must carry obligations, which will ensure that it can derive maximum return by exploiting its content.

Review of Sports Broadcasting Rights Regulations

ICASA issued final regulations on 26 March 2021 that are still prejudicial to the SABC and have not dealt with the two core concerns as submitted by the SABC, namely the unbundling of sports rights and regulation of sublicensing conditions. This has impacted negatively on making national sporting events accessible to free-to-air broadcasters. The SABC had engaged with ICASA following the publication of draft regulations in 2020 but were unsuccessful in persuading the regulator to address the public broadcaster's concerns. However, The SABC is looking forward to the final AAVCS White Paper, as the same matter has been dealt with in the policy.

Subscription Broadcasting Service Regulations

ICASA initiated a process in 2016 to review the current subscription broadcasting services market and regulatory framework to assess the state of competition in the sector. The SABC has made submissions with respect to other regulations that create unfair competition in the television market and has suggested that sector-specific regulations in the area of subscription broadcasting services should be developed with a view to safeguarding the sustainability and viability of public broadcasting services or free-to-air services. The SABC further made submissions on ICASA's Draft Findings Document on the Inquiry into Subscription Television Broadcasting Services and participated in the subsequent public hearings held in January 2021. The SABC is looking forward to ICASA finalising the regulatory framework. It remains a source of concern that despite the ongoing anticompetitive conditions in the pay-TV sector, this long overdue regulatory process has still not been completed, 6 years since inception.

Digital Terrestrial Television – Broadcasting Digital Migration

The regulations on digital terrestrial television (DTT) advocate the "use it or lose it" principle in respect of spectrum, which implies that unused radio frequencies will be forfeited. Furthermore, the prescribed allocation split of direct to home (DTH) at 16% and DTT at 84% deprives the SABC of the ability to optimise DTH transmission benefits. The SABC will continue to engage ICASA and DCDT on the negative implications of these regulations. The SABC has provided input to the AAVCS Draft White Paper in this regard, by advocating for the principle of platform neutrality in the policy and regulation and is looking forward to finalisation of the policy on this matter.

ICASA licensing process for International Mobile Telecommunications (IMT)

The SABC has been operating its analogue and digital television services in the 694 – 854MHz band, among other Very High Frequency (VHF) and Ultra High Frequency (UHF) bands. ICASA wants new licensees to occupy some

of the SABC frequencies prior to the finalisation of the digital migration process, which will cause harmful interference of the SABC's services. The SABC submitted written representations to ICASA in January 2020; ICASA issued the ITA in October 2020 for the high demand spectrum. As at 28 December 2020, ICASA had received six applications. However, the process was halted when Telkom, eMedia and MTN challenged the licensing process through a court of law.

On 15 November 2021, ICASA published a second information memorandum (IM) for the invitation to apply to be published later and inviting comments regarding the licensing process for IMT. The SABC responded on 30 November 2021. On 10 December 2021, ICASA published the invitation to apply (ITA). ICASA had anticipated that it would conduct an auction for licensing high demand spectrums by 31 March 2022. However, Telkom has again challenged the ICASA licensing process and, as a result, ICASA has been served with an urgent application filed in the High Court. We await the finalisation of this matter, whether via judicial or regulatory processes.

Review of Advertising Sponsorships and Infomercials Regulations

ICASA published a Discussion Document on the Review of the Independent Broadcasting Authority (IBA) on 26 March 2020. The SABC responded to the Discussion Document, arguing for a review of the regulations for various reasons, such as digitalisation in the audio-visual industry, which saw new revenue streams and a gradual shift in advertising from traditional to digital media, and the advent of OTTs and new players in the market that were not in existence at the time when the current regulations were introduced. The SABC further submitted that the review of the regulations should ensure regulatory parity amongst players in the industry. Of significance is the review of section 60 (4) of the ECA, which provides for advertising restrictions on pay television. The SABC is looking forward to finalisation of the regulation and policy on this matter.

FPB Online Content Regulation / Policy

All online content must be classified in line with the Film and Publication Board (FPB) regulations or be subjected to a self-regulatory system finalised by the FPB. The SABC has submitted its written and oral representations to Parliament on the FPB Amendment Bill and further submitted its written representations to the FPB with regard to the FPB Online Content Draft Regulations. The FPB Amendment Bill has been enacted into law, however it will only come into operation on a date fixed by the President by proclamation in the Government Gazette, whilst the Final FPB Online Content Regulations are yet to be finalised.

Copyright Amendment Bill

The legislation development process is underway. Parliament had approved the Bill for approval by the President approval, but he returned it to Parliament for review. The Department of Trade Industry and Competition (DTIC) is working on the Copyright Amendment Bill and Performers' Protection Amendment Bill, and the process is currently under review by the National Council of Provinces. Interested parties are required to make comments on this bill by 28 January 2022.

Basic Conditions of Employment Act No 75 of 1995

On 11 December 2019, Department of Employment and Labour (DEL) published a notice of its intention to amend the Basic Conditions of Employment Act (BCEA), with a view to deem persons in the film and TV industry as employees for the purposes of some parts of the BCEA and Labour Rela-

tions Act. The net effect of the amendment may push up the cost per minute rate charged by content providers. The DEL is considering alternative measures of protecting the interests of artists within the TV and Film industry, as proposed by production houses and organisations.

Code for Persons with Disabilities

ICASA began the review of the Code for Persons with Disabilities in 2018. The Draft Code sought to ensure universal access of broadcasting services for people with a disability. The Draft Code prescribed minimum requirements or quotas for subtitling, audio captioning, audio description and closed captioning. These increase incrementally over a period of three years, for each tier of broadcasting. The penalty for contravention is a fine not exceeding R5m or 10% of the licensee's annual turnover for every day of contravention. The SABC submitted its written representation to ICASA in January 2018. In 2019, ICASA conducted workshops on the matter and later requested the SABC to submit information regarding the cost of audience assistance services. ICASA published the revised Draft Code in June 2020 and the SABC submitted its written representation on 14 August 2020. Thereafter, ICASA published the amended Code on 9 April 2021 for implementation. The Code becomes effective 18 months after the date of publication (i.e., 9 October 2022).

4. Institutional Policies and Strategies

SABC Policies

These are strategic policies approved by the SABC Board in the 2021/22 financial year are detailed in the table below

Policy	Objective of Policy
SABC Internet Access and Usage Policy	The policy outlines the conditions for using the internet service provided by SABC to ensure that the service is used in a responsible and productive manner, without disruption to the SABC's internet resources.
SABC Wireless LAN Security Policy	This Wireless LAN (WLAN) security policy enunciates the security principle that wireless access should be authorised, authenticated, encrypted and permitted only from approved locations. The policy thus serves to ensure that only authorised individuals are permitted to access the corporate network using a secure wireless communication mechanism and with adequate security in place.
Password Policy	<p>The purpose of this policy is to guide employees about the use of passwords at the SABC.</p> <ul style="list-style-type: none"> • It sets the standard for the creation of strong passwords, protection of the passwords and frequency of change. • It educates users about the importance of using complex passwords, which helps to make the SABC data network and information system more secure. • The policy statements in this document are designed to minimise the potential exposure to unauthorised access of SABC resources, which may result in damages. • Potential risk resulting from the loss of sensitive or confidential data, intellectual property, damage to public image and possible damage to critical information systems.
Disciplinary Code of Conduct and Grievance Procedures	<p>The purpose of disciplinary action is to:</p> <ul style="list-style-type: none"> • Correct behaviour that is unacceptable in the workplace. • Ensure that employees conduct themselves properly so as to maintain harmony and equitable working relations and promote sound relations and in the workplace. • Guide all employees regarding the conduct expected of them and what appropriate corrective measures can be expected in cases of inappropriate conduct. • Provide steps that have to be followed when initiating and enforcing disciplinary action or enforcing disciplined behaviour in the workplace. • Uphold the principles of natural justice and guide managers to consistently ensure that there is orderly correction of unacceptable conduct. • Ensure fair consideration of all the facts of events leading to a disciplinary decision. • Avoid emotional or hasty and ill-considered judgements or action by management. • Ensure that no employee is disciplined without a just cause. • Ensure the correct, fair, consistent and acceptable application of discipline to employees at all levels. • Correct and eliminate unacceptable behaviour or negligence in performance when corrective discipline has failed or where no alternative corrective action can be considered. • Ensure that each case is treated on its own merits with due consideration of the SABC practices, precedents, and codes; and • Maintain discipline through a system of progressive and formal disciplinary action that shall be conducted in such a manner as to ensure that discipline is exercised fairly in accordance with the rules of natural justice.

Policy	Objective of Policy
POPI Policy	<p>POPIA is South Africa's first comprehensive privacy legislation, otherwise known as South Africa's data protection law. The Protection of Personal Information Act (POPIA) gives effect to the constitutional right to privacy, by safeguarding personal information when processed by a responsible party, subject to justifiable limitations. The Protection of Personal Information Act (POPIA) includes provision for justifiable limitations including: (i) balancing the right to privacy against other rights, particularly the right of access to information; and (ii) protecting important interests, including the free flow of information within the Republic and across international borders.</p> <p>Thus, the objective of the Protection of Personal Information Policy is to ensure that the SABC protects the constitutional right to privacy of data subjects when processing their personal information. The SABC will achieve this objective by putting control systems in place to safeguard and protect the personal information at its disposal from abuse, the information is only utilised for the purpose for which it was obtained and also ensuring the operators the SABC deals with are fully compliant with the provisions of the POPIA.</p>
Treasury Policy Control Framework	<p>To provide an easy reference for new employees within Treasury to gain a quick understanding of how Treasury operates and what is expected of them.</p> <p>Treasury is recognised as being a high financial risk area within the SABC and it is therefore necessary that the contents of this policy be fully understood by all Treasury personnel.</p> <p>To provide guidelines to effective cash management for the SABC.</p>
Fixed Asset Policy	<p>This policy document sets out to prescribe the accounting treatment with regards to Property, Plant and Equipment (PPE) as well as Intangible Assets (e.g., computer software) within the SABC; in line with International Financial Reporting Standards and the applicable legal framework in this document.</p>
SABC Internet Usage Policy	<p>The Policy outlines the conditions for access and usage of the SABC Internet Services and to ensure that these services are used in a responsible and productive manner without disruption to the SABC Internet Resources.</p>
SABC Password Policy	<p>The purpose of this policy is to guide employees about the use of passwords in SABC.</p> <p>It serves to establish a standard for creation of strong passwords, protection of those passwords and frequency of change.</p> <p>It educates users about the importance of using complex passwords, which help to make SABC data networks and information systems more secure.</p> <p>The policy statements in this document are designed to minimize the potential exposure to SABC from damages which may result from unauthorised access SABC resources.</p> <p>Potential risk resulting from the loss of sensitive or company confidential data, Intellectual property, damage to public image and possible damage to critical SABC information systems.</p>
SABC Wireless Lan Security Policy	<p>This Wireless LAN (WLAN) security policy serves to preserve the security principle that wireless access should be authorised, authenticated, encrypted and permitted only from approved locations. This policy thus serves to ensure that only authorised individuals using secured wireless communication mechanisms are permitted to access the corporate network and with adequate security.</p>
Short Term Insurance Policy	<p>Every organisation, including the SABC, is exposed to a wide spectrum of risks that must be managed appropriately. The challenge is to understand and assess these risks in a realistic manner in order to make appropriate insurance arrangements to cover the organisation against certain risks to which it is exposed at affordable or realistic insurance premiums. Short term insurance encompasses all types of insurance policies other than life insurance.</p> <p>The purpose of this policy is to enable the Insurance Department to appropriately manage the short-term insurance portfolio in line with best practice in order to protect the SABC against losses and liability risks. It serves to provide guidance to staff regarding insurance that may be relevant to their activities.</p> <p>The policy applies to all the SABC Divisions / Provincial Offices and its affiliates. The SABC officials are expected to observe the internal control. This policy details all SABC's insurance risk associated matters.</p>
Documents Security Policy	<p>This policy serves to prescribe the way documents/information of the South African Broadcasting Corporation (SABC) must be protected against unauthorised access and disclosure. It outlines a uniform system and procedures for classifying, reclassifying, declassifying, destruction, storage, safeguarding and access to information that must be followed by all persons having access to such information.</p> <p>All information owned, held, utilised, or transmitted by SABC is subject to these procedures. Depending upon the nature of the information, higher levels of security shall be applied to secure information with greater sensitivity.</p> <p>The policy also pledges SABC Board, and the Management's commitment and support to Document Security policy as required by the Protection of Information Act whilst acknowledging the Promotion of Access to Information Act.</p>

Policy	Objective of Policy
IT System Control and User Management	<p>The IT Systems Access control and User Account Management Policy Objectives are to:</p> <ul style="list-style-type: none"> • Ensure the SABC has adequate control to restrict access to IT systems and data • Obtain a consistent approach in handling access to all Information systems is critical to maintain the integrity of the SABC 's information/ data, • Ensure Information Systems / applications access is restricted to only authorised users and processes for an example, user access creation processes are standardised, passwords set to expire as well as adequate reviews are implemented. • Ensure process owners (Head of Departments; Line Managers, Department Supervisor's) adhere to annual management reviews of user account management controls. • This policy should be read in conjunction with IT Security Framework 27000/1, Information classification SOP and SABC Password Policy
SABC Telephone Policy	<p>The Telephone Policy Objectives are to:</p> <ul style="list-style-type: none"> • Obtain a consistent approach in handling all telephone services, namely voice calls/ conferencing, voicemail, instant messaging and video calls/conferencing • The telephone usage seeks to provide a standard aimed at ensuring telephones as a working tool is used appropriate and call charges are kept at minimum • Ensure all telephone requests are initiated, approved/ authorised by line managers/ supervisor before staff members are granted access to a telephone. • Inform the SABC Staff of procedures on how to use the telephones, for making calls and receiving of calls • Ensure standard procedures are implemented where SABC staff are given access to a telephone. • Ensure standard control measures applicable to staff utilising telephone access. • Ensure appropriate and inappropriate use of the telephone is outlined to SABC staff. • Adhere to SABC costing structure for the telephone access as well as on mobile devices. • To ensure the SABC Staff accept costs using telephone service for private calls.
Software Asset Management Policy	<p>The purpose of the Software Asset Management Policy is to enable the SABC to appropriately manage software assets within the corporation in line with best practice in order to protect the corporation against software licence related liability risk, as a result of not complying with the various vendor licencing requirements. The framework adopted in the governance of SAM is the ISO 19770.</p>

SABC Turnaround Plan

In the past 28 months, the SABC has diligently worked to implement the key actions of the approved SABC Turnaround Plan. With almost all key actions under the control of the Corporation now 'Complete / In place', the strategies contained in this Corporate Plan are aimed at accelerating the realisation of the goals envisioned in the SABC Strategic Roadmap.

The SABC Turnaround Plan contains 120 key actions. Of these, 15 relate to required legislative and regulatory changes. Of the remaining 105 key actions that are within the SABC's control to fully implement, the Corporation took the decision to not pursue five for various reasons, including the envisaged key actions being overtaken by related developments. As at the end of January 2022, 96 of the original 105 key actions within the SABC's full control to implement were 'Complete/ In place' (91%). Expressed against the 100 key actions that the Corporation is pursuing, the percentage of 'Complete/In place' key actions is 96%.

The SABC has been actively participating in Shareholder Representative-led and regulator-led processes relating to the 15 key actions relating to policy and regulatory changes. As at the end of January 2022, there was no SABC input outstanding in any of these processes. The Corporation continues to closely follow and encourage faster progress and finalisation of these processes that are critical for the realisation of the SABC's transition to the Growth Phase and in turn its sustainability.

The SABC has done almost all it can to stabilise itself and position itself for growth. Achievement of growth is dependent on finalisation of the key actions in the Turnaround Plan relating to legislative and regulatory changes. Without these changes, the SABC will remain in the sustaining phase in the short term, before regressing under the weight of the untenable legislative and regulatory environment.

5. Relevant Court Rulings

No court rulings that affect the SABC mandate have been issued during the 2021/22 financial year.





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Our Strategic Focus

6. Situational Analysis

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

The COVID-19 situation has hampered the organisation's revenue generation by constraining key sectors in the economy. The SABC must adapt its operations to successfully navigate the environment in the medium to long term. By embracing digital migration and the dynamic nature of modern media and entertainment, the organisation can uphold its public mandate while maximising its revenue-generating capacity. Specifically, in managing its commercial and public activities, the public broadcaster must enhance its digital capability to mitigate the impact of events such as the analogue switch-off, maturing target markets and shifting viewer behaviour. Moreover, active investment into more skilled staff and knowledge management processes will ensure resilience for the business in an economy in constant flux.

The complexities of the South African environment demand innovation and ingenuity from the SABC that prioritises content that: adheres to policy and legislation; is accessible, educational, inclusive and entertaining. To effectively traverse both external and internal shocks, the SABC should operate optimally with the most knowledgeable staff and compete more aggressively with its competitors from a content perspective. Now more than any other time in the past decade, the SABC must manage its

revenue-expenditure spread better, in order to insulate itself against any income that could be lost and accelerate the growth of its digital products. Additionally, the pursuit of clients must be tailored to prevailing market demands. To survive the pitfalls of the environment, the response of the organisation must be proactive and adaptable. In sum, the environment requires that the SABC navigate impending economic and market challenges while exploiting emerging opportunities to learn and adjust to the current precarious economic situation. Salient shifts that may influence the implementation of the SABC's 2022/23 Corporate Plan are discussed in the section on the external and internal environment.

7. External Environment Analysis

Media Landscape

Like every other public broadcaster, the SABC is facing a world in transition and has to devise and implement a set of strategic responses to the challenges facing the delivery of public service broadcasting. The SABC found itself in the middle of a 'perfect storm' in the past year (2021/22) as the following three processes unfolded and collided:

- The pandemic has changed content consumption behaviour forever, as regulatory interventions made data cheaper to acquire and use.
- Power blackouts occasioned by load-shedding and the accompanying power outages have left televisions across the country with lifeless screens.
- The DCDT and SABC's Broadcast Digital Migration process disrupted household connections as the transition from analogue to digital technologies was accelerated in the year under review.

Changes in technology mean content can be consumed anywhere, anytime on any device. The last ten years have seen a huge boom in new devices that allow people to consume content almost anywhere. The pandemic fast-tracked the push for cheaper and faster broadband and data plans, and thus made it more affordable and easier to stream content. New online streaming services also allow audiences to make the most of new technologies.

According to PWC's Global Entertainment and Media Outlook (2021 – 2025) report, "Video content accounted for 79.1% of South Africa's total data usage in 2020, and its share is expected to increase to 84.6% in 2025". In response, companies are designing their offerings to suit personal preferences, using data and usage patterns to pitch their products not to audiences of billions, but separately to billions of individuals. The digital migration process and continued load-shedding both facilitate this process.

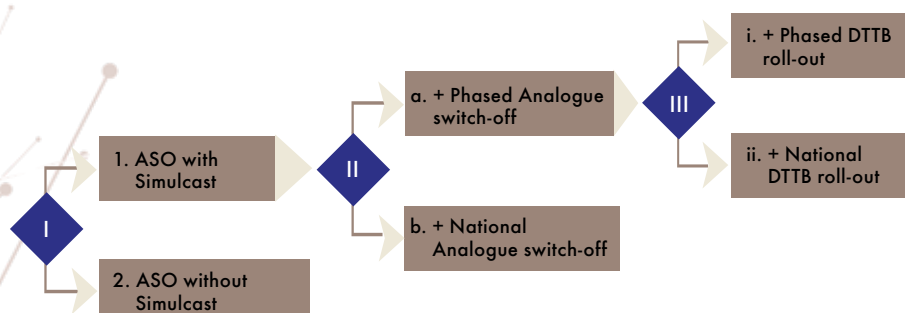
Television Broadcasting

The Transition from Analogue to Digital Broadcasting in South Africa

The President of the Republic of South Africa made an announcement during the State of The Nation Address (SONA) on 11 February 2021, that a full transition from analogue TV to digital TV would be realised by the end of March 2022. In his 2022 SONA he reiterated this commitment to the South African public. The SABC has been working in partnership with SENTECH, South African Post Office (SAPO), Universal Services Access Agency of South Africa (USAASA), and DCDT to ensure seamless transition from the analogue to the digital transmission platform, in line with the Broadcast Digital Migration (BDM) Policy.

However, the pace of implementation points to achievement of the target date for complete switch off being to the significant detriment of the SABC. In seven months, the programme has, through adherence with mutually agreed criteria regarding set top box penetration thresholds, managed to switch off just under half of the SABC

GRAPH: Decision tree for ASO transition models.



analogue television transmitters. It is safe to say that the remaining transmitters cannot all be switched off by the end of March 2022 without significant and likely lasting damage to the SABC's audience numbers.

According to the ITU (International Telecommunications Union) guidelines for this transition – published in 2010 – the project could pursue one of two options once the decision for a phased analogue switch off had been made: either for a phased DTTB (digital terrestrial television broadcast) rollout or a single national one (as shown in the following ITU graphic).

The South African project initially adopted a phased DTTB roll-out, which required that each province switch off all analogue transmitters only once a sufficient roll-out of DTTB had been achieved. However, in August 2021, the project was accelerated to achieve a national DTTB roll-out result by March 2022.

The Analogue Switch Off (ASO) in the Free State presents a clear case study for the original analogue switch-off plan, with phased processes and clear thresholds for switch-off, and the impact of ASO on audiences is clearly visible. The last analogue transmitter with SABC services in FS was switched-off on the 5 November 2021 and the public broadcaster's daily reach into its audiences in that province declined by about 20,000 individuals for the two weeks following the local government election results week. However, audiences did make the necessary arrangements to restore their connection to the new digital transmitter networks, either through the process facilitated by the Broadcast Digital Migration project – and which continues beyond ASO – or by acquiring commercial platforms. The troughs in the following graphic represent weekends – when SABC programming struggles to compete effectively with the many commercial options available to its audiences.

This was followed by a period of fluctuating reach levels for the public broadcaster, as the digital migration process (re-stacking the DTT spectrum) added to the disruption of new installations, and interrupted transmission signals and digital connections while the re-stacking took place.

Although the Free State makes up a small proportion of SABC's television audiences (between 4 and 5% for free-to-air channels and 11% for SABC Sport), this timeline mirrors a rise in client queries about the under-performance of media

plans that were drafted prior to the ASO (accelerated and not) in the Free State.

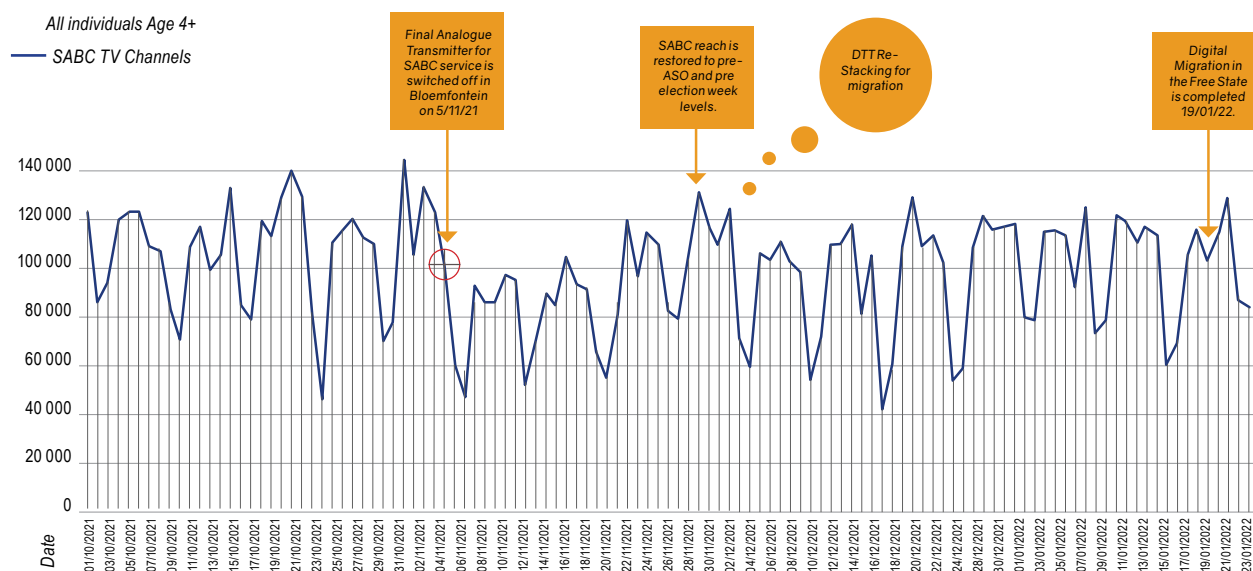
SABC's reach into the population of the Free State was restored by end January 2022, but because many of these signal restorations increased the viewing repertoire in newly digital homes, the fragmentation of audiences that this process inspires has left the SABC with lower audiences than commercial providers who offer these alternatives. Although the Free State makes up a small proportion of SABC's television audiences (between 4 and 5% for free-to-air channels and 11% for SABC Sport), this timeline mirrors a rise in client queries about the under-performance of media plans that were drafted prior to the ASO (accelerated and not) in the Free State.

Now that the national project has combined the phased DTTB option to the objective for a national ASO by end March 2022, the phasing is less easy to track, as provinces now have simultaneous ASOs (a government responsibility), while registration and installation of DTT and DTH set top boxes continues alongside. The pace of the DTTB roll-out (the responsibility of the market players) will determine how vulnerable SABC's audiences are to multi-channel, commercial advances that increase the pressure on the public broadcaster's advertising revenue.

The SABC therefore recommends that this program be concluded anytime between 30 June 2022 and 30 September 2022. That would give the program about six months to ensure that the SABC's internally developed criteria for transmitter site switch-off authorisation is followed properly and carefully. That would also give more time to the communication and awareness work stream to conduct more on the ground awareness and door to door registrations in the affected provinces. That would in-turn allow for the installers to build more capacity in these provinces so that the installation run-rate can be better.

So far, 155 of the SABC ATV transmitters have been switched-off in five provinces of FS, NC, NW, MPU, and LIM. This is just under 50% of the 314 SABC ATV transmitters. The four remaining provinces – EC, WC, GAU, and KZN – comprise of the rest of the 159 SABC ATV transmitter sites. We achieved that in the seven months. We are now only left with one month to 31 March 2022, hence our recommendation to conclude this program between 30 June 2022 and 30 September 2022.

GRAPH: Average Daily Reach of Public Broadcaster into Free state



Source: BRC TAMS 1 Nov 2021 - 23 Jan 2022

The Twin Impacts of Load-Shedding and Load Reduction

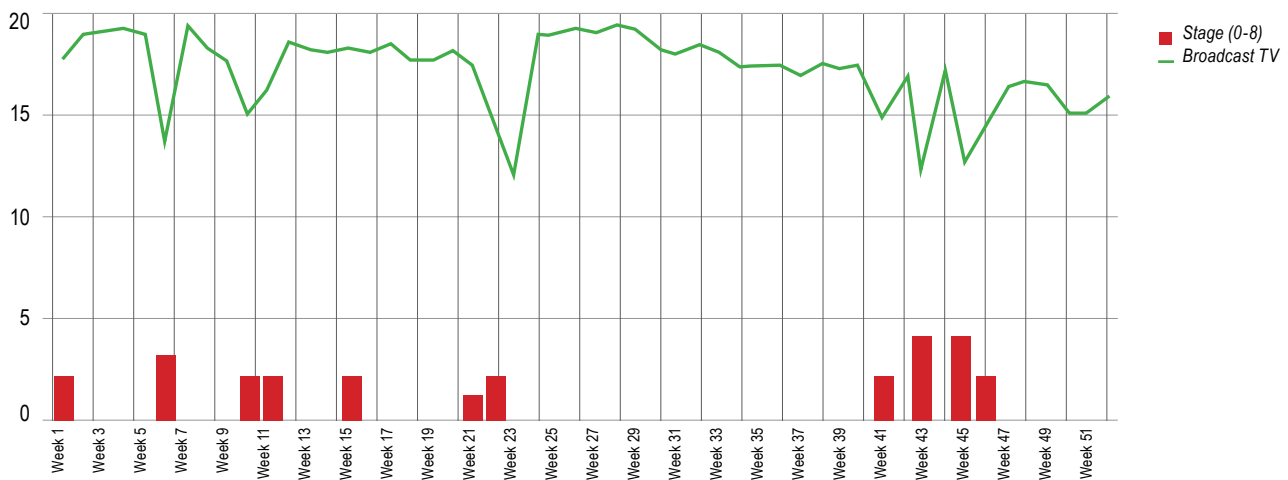
In its 27 January 2022 System Status and Outlook Briefing, energy provider, Eskom, admitted: "Unfortunately, as of 24 January 2022, increasing breakdowns and low plant availability forced Eskom to implement load shedding totalling 51 days (1 213 GWh) since 1 April 2021, compared to 47 days (1 034 GWh) for the financial year ended 31 March 2021".

As the graphic below (from the www.brcsa.org.za load-shedding dashboard) shows, the declines in average minute ratings (the audience currency through which broadcasters trade in airtime with advertisers) corresponds directly with the load-shedding schedule. trade in airtime with advertisers) corresponds directly with the load-shedding schedule.

While the impact of load-shedding and load reduction are visible to the casual observer accessing this dashboard, what is less obvious is the impact of longer-term power outages that occur outside of the load-shedding schedule. Because the audience measurement instrument can and does correct this through weighting processes when the cause of non-polling by households is traceable, this unpredictability of power supply on either side of the official processes has had a marked impact on SABC's annual share of national television audiences over the last five years.

This is compounded by the slow progress in digital broadcast migration that has helped to grow the subscription TV market, and therefore the fragmentation of the previously large audiences on the SABC platforms. The current acceleration of analogue switch-off without guarantees on DTTB roll-out will hasten that fragmentation – at least in the early stages.

GRAPH: Day of Week Viewing vs Load-Shedding AMR%

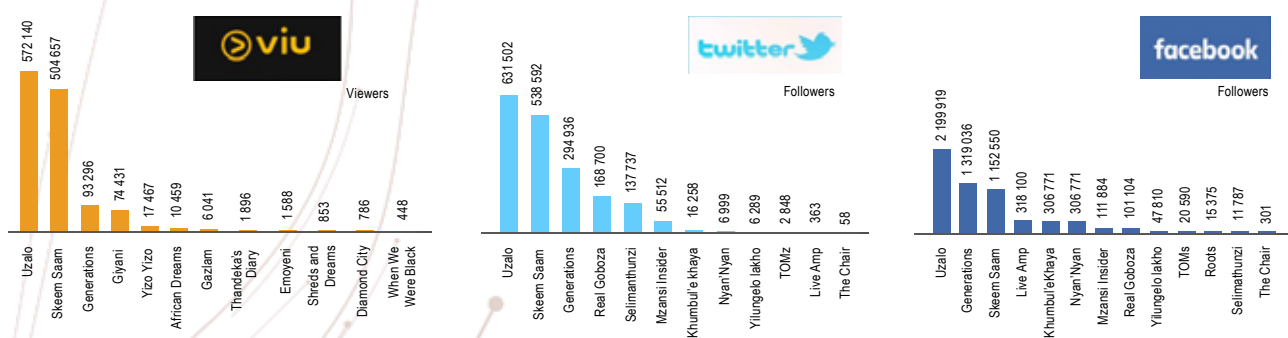


Cheap Data Fuels Internet Penetration and Video Consumption

In April 2020, when the country was just a few days into the hard lockdown, ICASA issued mobile operators with temporary licences for unused radio frequency spectrum, in order to ease network congestion. This meant that operators could offer their customers cheaper data. Even though this temporary arrangement ended 17 months later (in November 2021), South Africans had adopted data-enabling behaviours that are certain to remain.

An audit conducted on the national TV audience measurement survey, TAMS, during 2021 found an unusually high number of households with faulty television sets that the owners had no intention of repairing. While the reasons for this may be the economic pressure occasioned by the pandemic in some cases (see Nids' Coronavirus Mobile Study on the impoverishment of households during the pandemic), in others this was by choice. That choice is increasingly made households during the pandemic), in others this was by choice. That choice is increasingly made possible by the availability of SABC's most popular content on mobile-friendly platforms like Viu and TelkomOne.

GRAPH: SABC1 Properties - Dec 2021

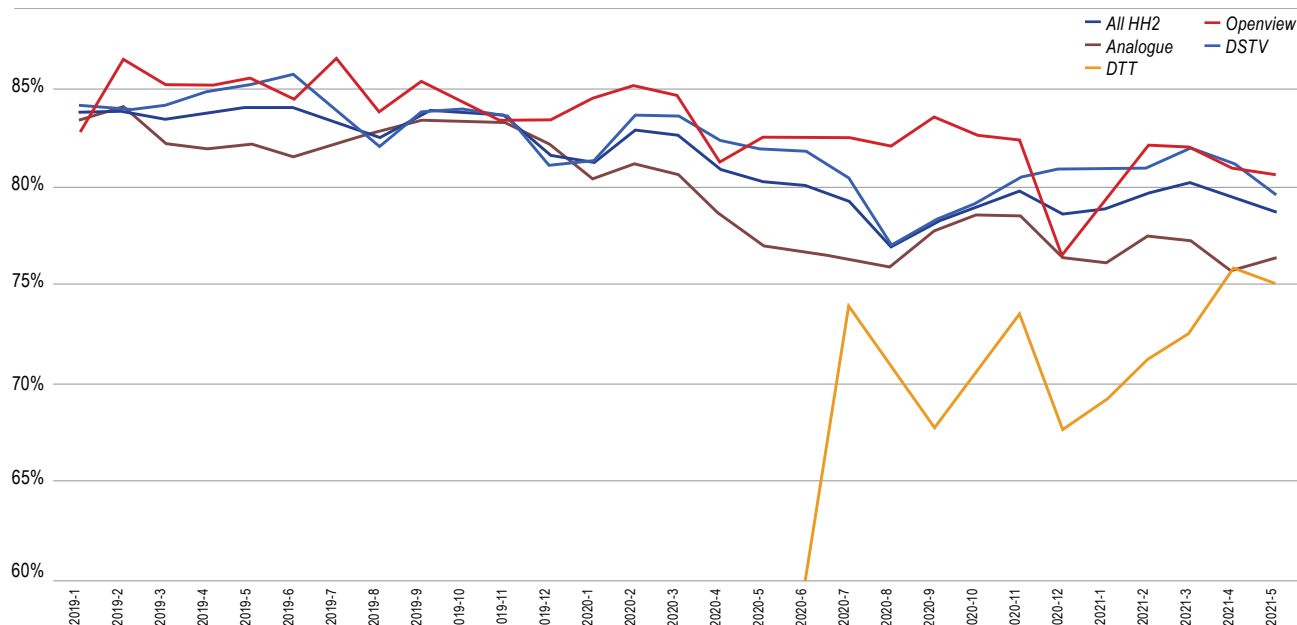


Source: Facebook, Twitter and Viu

The SABC will continue to make national favourites available on all the platforms that its audiences frequent. That is why the organisation is also pursuing an aggressive over-the-top strategy that will facilitate all these opportunities for engagement in a single place.

Even when the television set is a working one, it is not always used to consume broadcast content, as the following chart shows. For example, only three-quarters of the time spent with the television set in analogue homes is spent consuming linear broadcast content. This is down from 84% in January 2019.

GRAPH: Broadcast TV share of Total AMRS (consolidated) May 2019-2021



Source: BRC TAMS Mon-Sun Household Live + Consolidated 02h00-25h59 averaged by month

Audio Landscape

When force majeure affected the BRC's radio audience measurement survey (RAMS) in 2020 (the Covid-19 regulations that prohibited face-to-face contact), an opportunity arose to future-proof the survey and make sure that all possible audio consumption is measured. Fieldwork for the new measurement began in April 2021 using computer-aided telephone interviewing to avoid any future restrictions on face-to-face methods. In October, the BRC was able to release its first set of results for half of the 30,000 sample they had collected up to August. SABC's radio stations were confirmed as the most-listened-to stations across the country.

Radio remains a powerful medium for informing, educating, and entertaining the nation. It reaches an average in excess of 80% of the adult population in all provinces.

GRAPH:P7D Reach by Province

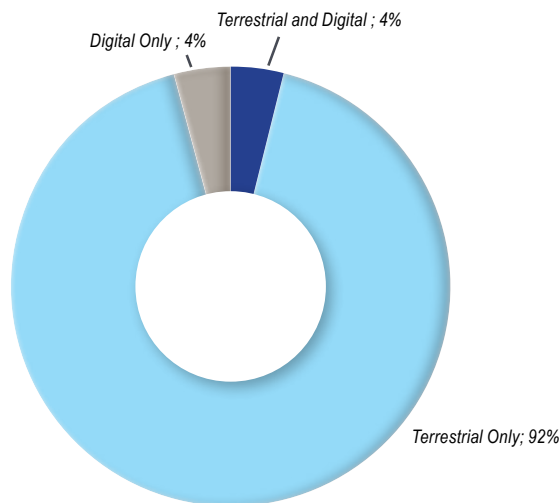


GP 81% = 9.5m	NC 78% = 718k	MP 81% = 2.7m
NW 86% = 2.5m	WC 81% = 4.3m	KZN 83% = 6.5m
FS 87% = 1.8m	LP 83% = 3.2m	EC 81% = 3.7m

The future of the medium also remains undimmed, as listeners continue to access their favourite audio content via all the terrestrial platforms available to them. Currently:

44% access their audio content via a transistor radio or hi-fi; 29% through a mobile phone with a FM receiver / transistor; a COVID-19-reduced 24% get their audio on their car radio; 14% tune into the radio channels carried by DStv. Those tuning in to digital platforms for their audio content are currently at 8% - another trend that bodes well for the SABC's OTT plans.

GRAPH: Unduplicated Source of Listening



Source: Guidelines for the Transition from Analogue to Digital Broadcasting, ITU, 2010.

<http://www.eskom.co.za/wp-content/uploads/2022/01/SystemStatusBriefing27Jan2022.pdf>

<https://www.icasa.org.za/pages/spectrum-licencing>

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Economic Environment

Much like many of its sub-Saharan African counterparts, South Africa continued to be stifled by the COVID-19 pandemic in 2021. PwC (2022) projects a 2.6% annual expansion in real gross domestic product (GDP) for 2022, which indicates a growth agenda, with jobless recovery driving an aggregate demand in the economy². According to Stats SA (2021a), the implications of the July 2021 unrest and sustained efforts to curb the spread of COVID-19 have imposed immoderate pressure on the labour market, with unskilled, semi-skilled and skilled job losses resulting in an overall 13% decline in jobs between December 2019 and September 2021³. During the third quarter of 2021, a 1.5% dip in quarterly GDP growth was seen which can be attributed largely to the disruption of the food and transport sectors during the unrest⁴. The unanticipated supply-side difficulties related to food and fuel in particular and had a negative impact on affordability and sentiment, which forced further policy responses to mitigate the downturn. The consumer price index (CPI) and repo rate estimates for 2022⁵ suggest that an improvement in consumer demand is likely, due to accommodative fiscal and monetary policy conditions that can aid economic recovery. Additionally, credit ratings are likely to suggest caution, owing to considerable risk factors, which dull the view on immediate creditworthiness. Some of the key risk factors remain geared towards political, legal and currency risk.

Vaccination efforts and economic interventions intensify at national, regional and community level. Despite concern that COVID-19 cases are under-tested in Africa⁶, the low COVID-19 incidence in recent months has enhanced optimism for improved trade outcomes. Indeed, while pressure on health systems on the continent has been alleviated, a more collaborative response to economic recovery could optimise actual growth.

Based on Stats SA data, there is a notable reliance in South Africa on non-agricultural sectors, as a significant decline in formal employment (571 000 jobs) was absorbed by these industries between quarter 2 and quarter 3 of 2021⁷. Trade, construction and agriculture had a greater share of employment relative to their contribution to GDP at the end of the quarter 3 of 2021. Ultimately, the conditions for feasible economic recovery are contingent on the gradual undoing of the economic challenges triggered by the COVID-19 pandemic.

The SABC services clients across a range of sectors and an improvement in economic climate would bode well for its business. The easing of COVID-19 restrictions could galvanize economic activity, as the return of sporting events, a more fluid transport industry and other sectors could stimulate demand for its services.

Market Analysis

A slow global decline in traditional and home video consumption is expected for the next five years as virtual reality, cinema, and data consumption are expected to grow to over 25% between 2020 and 2025⁸. With the notable fall in the consumption of traditional media, including newspapers and magazines, the growing use of mobile phones presents an opportunity for ease of content access, complementary subscription services and a wider array of content.

Demographic Factors

In 2019, Stats SA (2019a) estimated South Africa's population at close to 59 million, with the female population comprising approximately 51.2%. The black African population constituted roughly 81% of the total population, with the group of Indian / Asian descent constituting the lower band, at about 2.6% of the total population. Unsurprisingly, Gauteng dominates the share of the population – about 25.8% – and only 2.2%

of the population resides in the Northern Cape⁹. In South Africa, cross-province migration is an important indicator, as it has consequences for the age structure and subsequent patterns of economic activity. Provinces with a larger share of the ageing population are likely to have a smaller proportion of economically active persons – the consequences of which are far-reaching for businesses.

In 2019, Stats SA projected that Gauteng would experience the greatest influx of migrants over a six-year period (2016–2021), with a net migration of 1 068 885. Conversely, the Eastern Cape was estimated to return a net migration outflow of 314 453 migrants from the province¹¹. Robust economic activity in specific regions is directly linked to demand for advertising services, as the need for promotion and awareness arises. As a crucial revenue generation offering, strategy must be cognisant of relevant target markets at the regional scale. To that end, business opportunities for the SABC are ingrained in reach, regional population and consumer spread. As the need for information and education increases, marginalised groups – such as women, children, youth, the elderly and people with a disability – are a vital consideration in ensuring that the SABC's strategy reflects South Africa's economic and social reality.

Macro-Economic Impact of COVID-19

Over the past two years, the COVID-19 pandemic has widened economic inequality in South Africa. Since 1994, macro-economic policy has been developed to form a more inclusive society from a pro-poor growth perspective. However, there has been a marked struggle to invigorate this objective since the global financial crisis over a decade ago. The COVID-19 pandemic has further dented economic reform and undermined growth efforts through a range of impacts, which are touched on below.

Unemployment

At the conclusion of Quarter 3 of 2021, official unemployment registered a 34.9% quarterly figure, while it rose by 2.2% to 46.6% in the expanded definition¹¹. This implies that a scarcity of job opportunities is accompanied by declining motivation to enter the job market. The main drivers of this are a distinct mismatch in skills, as well as the constraining impact of COVID-19 on production and demand in general¹². The situation was exacerbated by looting and civil unrest in July 2021, which was partly propelled by growing joblessness and a dampened outlook in disadvantaged communities.

Trade Flows

In April 2020, South Africa's aggregate trade activity showed a dramatic three-month slump, due to the COVID-19 pandemic and the imposition of trade and movement restrictions¹³. While the trade climate has improved since the initial slump, imports have been slow to recover. As trade relations and favourable regional policies progress, GDP will gradually recover and follow a new growth path.

Inflation

In 2021, average consumer inflation was recorded at 4.5% amid concerns regarding production cuts and increased demand for fuel products¹⁴. At the start of the pandemic, slowing demand and excessive supply had led to an initial decline in global prices, which have since recovered. Prior to August 2021, the Organisation of the Petroleum Exporting Countries (OPEC) had resolved to limit output due to the immediate risks associated with the Omicron variant and its potential to impede cross-country travel and trade¹⁵. The consequences were increased prices and protection of existing revenue in the market. Furthermore, food prices (particularly for meats and oils) have been an additional impediment to affordability across the value chain and positive sentiment for consumers.

Overall, the pandemic has plunged South Africa and the rest of the global economy into a COVID-19-induced recession

that has endangered the survival of industries such as tourism, hospitality and energy. Through job losses, decreased household expenditure, the collapse of many small and medium enterprises (SMEs), civil unrest and higher public sector debt, economic inequality has widened the gap between the rich and the poor. The COVID-19 pandemic has forced a comprehensive response from South Africa to jumpstart recovery. The joint use of macro-economic policy and enforceable regulation is vital in mending some of the economic damage caused by the pandemic and minimising the growing inequality. A global recovery sets the necessary economic conditions for markets to recover, innovate and function to the benefit of the world economy.

The SABC finds itself managing uncertainty across many industries, while learning to adapt to a market in constant change. Moreover, it remains imperative for the organisation to take advantage of emerging revenue streams, as the nature of demand continues to gravitate away from traditional media.

Competition

As was the case in 2021, entrant firms will look to enter the entertainment and media sector through mergers and acquisitions, and horizontal agreements, in competing audiences and advertising revenue. The implications of COVID-19 on viewing and content consumption have reinforced the need to focus on e-commerce, digital advertising and other online services as legitimate antitrust concerns. Competition authorities globally have taken notice of the threat posed by digitisation to potential market entrants and consumer affordability. Of particular relevance to the SABC are the following realities:

- As a result, SABC margins are under proportional threat as audiences on traditional platforms diminish.
- Opportunities from non-linear and OTT broadcast technology make it easier for content providers to reach audiences at the expense of traditional modes of entertainment and media, which are experiencing an alarming decline in audience. While preliminary studies suggest complementarity between traditional media and newer platforms like OTT in South Africa, shifting audiences might allude to a deeper substitutability between these products¹⁶.
- South Africa's pay-TV broadcasters continue to enjoy limited regulation, which creates monopolies in the marketplace, particularly with sporting events, unregulated local content, different bouquet packages with pricing implications, and control of revenue through the fragmentation of advertising revenue. Pay-TV is also allowed to acquire Free-To-Air sporting rights. This anti-competitive approach either locks the SABC out of the market or forces the SABC to accept onerous sublicensing conditions.

- The SABC faces continuous competition for the best content and talent. The increasing number of licenced radio and television channels has increased the cost of keeping talent and driven up the cost of local production and the acquisition of content rights, particularly sports rights.

Environmental Factors

The most prominent channel through which climate change affects the South African economy is the agricultural sector. As outlined in the National Development Plan (NDP), climate change poses a threat to food production and the availability of consumable water¹⁷. As agricultural markets are hampered by exogenous, natural factors, such as irregular rainfall and sporadic periods of drought, the growth of these and adjacent sectors will undoubtedly be stifled. Traditionally, Africa has relied immensely on the development of agricultural markets for employment, sustenance, and growth.

From a sectoral perspective, the SABC can expect budgetary cuts and less spend from clients in sectors that are most sensitive to climate change. Across such value chains, the interdependency between wholesale and retail levels has consequences for their demand for SABC services. Established brands and sizeable clients might cut back on spend to a degree, while smaller market players could withdraw their spend completely. Moreover, an all-encompassing strategy for client targeting methods will play a vital role in product innovation and the expansion of revenue opportunities.

Political Factors

Since the conclusion of the recent local government elections in early November 2021, if there is a positive shift in government performance across all levels it would bode well for citizen confidence in fiscal strategies for societal betterment. However, continued citizen dissatisfaction with the slow pace in which corrupt activity is being dealt with might be an aggravating factor. As a public broadcaster with the SABC has the editorial responsibility to report accurately and completely on political matters, but it is also implicated in these matters. The stability of the SABC lies in its adherence to its public mandate and continued political and public support for the funding and fulfilment of this mandate.

Socio-Cultural Factors

Socio-cultural aspects of the South African environment dictate that a more refined focus on target markets should be used to penetrate and advance market power across industries. The nexus of lifestyle choices, geography, linguistic differences, norms and beliefs, internet usage and culture is the key to unlocking growth in emerging economies like South Africa¹⁸. Like all other business endeavours, the communications, media and entertainment industries must

¹⁶PwC (2022). South Africa Economic Outlook A challenging time for consumers. Available at: <https://www.pwc.co.za/en/assets/pdf/economic-outlook/economic-outlook-challenging-time-for-consumers.pdf>.

¹⁷Stats SA (2021a). Quarterly Labour Force Survey. Available at: <http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2021.pdf>.

¹⁸Stats SA (2021b). Statistical Release: Real Gross Domestic Product. Available at: <http://www.statssa.gov.za/publications/P0441/P04413rdQuarter2021.pdf>.

¹⁹PwC (2022). South Africa Economic Outlook A challenging time for consumers. Available at: <https://www.pwc.co.za/en/assets/pdf/economic-outlook/economic-outlook-challenging-time-for-consumers.pdf>.

²⁰Salon (2022). The astoundingly low COVID-19 infection rate in sub-Saharan Africa may be a mirage. Available at: <https://www.salon.com/2022/01/24/the-astoundingly-low-19-infection-rate-in-sub-saharan-africa-could-be-a-mirage/>.

²¹Stats SA (2021c). Media Release: Quarterly Labour Force Survey. Available at: <http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2021.pdf>.

²²PwC (2021). Power shifts: Altering the dynamics of the E&M industry. Available at: <https://www.pwc.co.za/en/assets/pdf/economic-outlook/economic-outlook-power-shifts.pdf>.

²³Stats SA (2019a). South Africa's people. Available at: <https://www.gov.za/about-sa/south-africas-people>.

²⁴Stats SA (2019b). Statistical Release: Mid-year population estimates. Available at: <https://www.statssa.gov.za/publications/P0302/P03022019.pdf>.

²⁵BusinessTech (2022). South Africa jobs bloodbath – unemployment rate hits new record. Available at: <https://businesstech.co.za/news/business/542704/south-africa-jobs-bloodbath-unemployment-rate-hits-new-record/>.

²⁶Full View (2021). South Africa hits record unemployment rate in the third quarter. Available at: <https://fullview.co.za/top-stories/item/14732-south-africa-hits-record-unemployment-rate-in-the-third-quarter>.

²⁷Trading Economics (2021). South Africa Balance of Trade. Available at: <https://tradingeconomics.com/south-africa/balance-of-trade>.

²⁸Stats SA (2021d). Inflation continues to accelerate amid higher fuel and food prices. Available at: <http://www.statssa.gov.za/?p=15080>.

²⁹The Guardian (2021). Opec to pump more oil but keeps door open for cuts over Omicron risk. Available at: <https://www.theguardian.com/business/2021/dec/02/opec-agrees-to-pump-more-oil-but-factors-in-cuts-owing-to-omicron-covid-variant>.

³⁰See Rich (2019)

³¹South African Government (2012). National Development Plan 2030: Executive Summary. p.38. Available at: <https://www.gov.za/sites/default/files/Executive%20Summary-NDP%202030%20-%20Our%20future%20-%20make%20it%20work.pdf>.

³²See Micklesfield et al. (2013), Dlodlo & Dhurup (2013) and Southwood et al. (2021)

be conscious of prevalent patterns in consumer behaviour in order to stimulate demand. The activities and products of the SABC are no exception, as industries require a complete menu of options in modern two-sided markets. In this regard, learning-by-doing and learning to innovate are viable conduits for a more durable and dynamic organisation.

Technological Factors

South Africa has a continuously evolving ICT market, which bodes well for multi-sectoral innovation in the domestic economy. Increased device and internet use means that the nature of consumerism has changed significantly, with technological capability tending to dictate information and product requirements. Research and development (R&D) investment expenditure has declined since 2019, as the squeeze from COVID-19 forced a re-prioritisation of resources²⁰.

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

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

Legal Factors

In recent years, it has become increasingly important to understand market regulation and the rule of law, due to growing impetus towards digitisation. Understanding the limitations of business practices in the broadcasting industry is important, because a range of stakeholders are tasked with oversight, regulation, monitoring and enforcement activities. From both a commercial and information provision perspective, the SABC has a responsibility to ensure that its conduct falls within the ambit of South African law.

The South African Government acknowledges that the national goals of democracy, development and inclusion are over-arching in the broadcasting industry²¹. To this end, understanding the roles and power of institutions such as ICASA, law enforcement agencies, competition authorities (Competition Commission, Competition Tribunal and Competition Appeal Court) and other organisations, such as the Human Rights Commission (HRC) is invaluable to the SABC. The public broadcaster remains committed to policy and regulation that promotes fair competition, revenue opportunities and the protection of entity and citizen rights.

COVID-19: Impact and Opportunity

Over the past two years, the SABC has not been spared in terms of the impact of COVID-19. The impact on the SABC from the pandemic has been felt from multiple angles:

Because the Corporation funds its extensive mandate with revenues primarily (over 80%) generated from commercial activities (advertising, sponsorships, and content exploitation), it is always vulnerable to the level of economic activity. As the pandemic gripped the country, and lingered, the SABC's revenue generation efforts have suffered consid-

erably as advertisers cut budgets either due to trading restrictions, or the redirecting of resources to the pandemic response. The demise of entities and subsequent increase in unemployment have also not boded well for the SABC. Advertising revenue generation efforts have also been affected by programme displacement as the public mandate was fulfilled by broadcasting the presidential addresses and the ministerial briefings.

Additional costs were also incurred in the fulfilment of mandate as the Corporation provided learner support broadcasts during the 2020-21 financial year.

The national and international responses to the pandemic have affected not only the revenue generation efforts of the SABC, but also the pace of implementation of key turnaround initiatives. Restrictions that have been implemented globally and locally have affected aspects such as travel and gatherings, in addition to onerous regulations regarding the treatment of COVID-19 infections and exposures. Compliance has resulted in stoppages and delays of productions, acquisitions, and other activities.

Notwithstanding these significant challenges, the pandemic has also served as an opportunity to test and demonstrate to the country and the world, the relevance and importance of the SABC. It has also demonstrated the resilience of the Corporation.

In the midst of a period of unprecedented uncertainty, the SABC has not missed a step in the fulfilment of its mandate. Plans were made and implemented to ensure uninterrupted broadcasting. These included the establishment and maintenance of a disaster recovery broadcast facility, enabling radio and television presenters to broadcast remotely, and enabling employees to work remotely. In addition, the SABC undertook additional public service activities aimed at supporting the government efforts in managing the pandemic, such as pop-up vaccination sites in Gauteng, KwaZulu Natal, and Free State.

This extraordinary demonstration of dedication and resilience has been carried out against the backdrop of significant human impact of the pandemic on the organisation. As of February 18th, 2022, the SABC has lost nine employees to COVID-19, with a further 707 employees testing positive for the virus. Thankfully, the recovery rate has remained high at 98%.

All the bad things of the pandemic aside, it has also presented an opportunity for the Corporation to relook its operations and rethink how it adapts to the changed times. The resultant changes stand to benefit the Corporation well into the future.

As economic normalcy in the country and across the world returns, the revenue generation efforts of the Corporation are expected to yield improved results. Faster progress is also expected in terms of the implementation of key projects, including content acquisition and those contained in the Digital pillar. Despite this optimism, however, there remains a level of uncertainty regarding the future trajectory of COVID-19 and future national and international responses, all of which carry the potential to adversely affect the operations of the Corporation.

Russia-Ukraine Conflict

At the time of finalising this corporate plan, the potential economic, social and political impact of the conflict between Russian and Ukraine was not yet known. The Board and management will monitor it during the implementation of the Corporate Plan.

¹⁹Statista (2021). Share of web traffic in South Africa as of March 2021, by device. Available at: <https://www.statista.com/statistics/1229072/web-traffic-by-device-in-south-africa/>.

²⁰Department of Science and Innovation (2021). South African investment in R&D declines but vital in the era of COVID-19. Available at: <https://www.dst.gov.za/index.php/media-room/latest-news/3285-investment-in-r-d-declines-but-vital-in-the-era-of-covid-19>.

²¹See South African Government (2014)

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



▲ 7. Mr Dinkwanyane Mohuba



▲ 8. Ms Jasmina Patel



▲ 9. Mr Jack Phalane



▲ 10. Ms Mary Papayya



▲ 11. Dr Marcia Socikwa



▲ 12. Mr Madoda Mxakwe
Group Chief Executive
Officer



▲ 13. Ms Yolande van Biljon
Chief Financial Officer



▲ 14. Mr Ian Platjies
Chief Operations Officer

8. Internal Environment

Governance Structures

The SABC has a unitary Board structure, which comprises 12 Non-Executive Directors (NED) and three Executive Directors, as per the Broadcasting Act No. 4 of 1999, as amended. The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC be governed and controlled in accordance with the Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Non-Executive Directors are required to appoint the Executive Directors independently, in consultation with the Minister of Communications.

The Honourable State President appointed eight NEDs on 11 April 2019, which resulted in a fully quorate and functional Board. The term of the current Board will expire in 2022.

DIRECTORS

1. Mr Bongumusa Emmanuel Makhathini (Male; aged 44) Board Chairperson

MCom in Business Management and Economics (University of Johannesburg); Hon in Geography (University of Zululand); BEd (University of Zululand); Diploma in HR Management (University of Zululand); General Management Program (Harvard Business School); SABMiller Executive Development Programme (University of Cambridge).

Mr Makhathini currently serves as the Chairperson of the SABC Board and is a Board member of the Ekurhuleni World Outreach Centre Advisory Board.

Mr Bongumusa Makhathini has served and continues to serve on various bodies. These include Executive Board member of British American Tobacco Southern Africa (BATSAA); Executive Board member of South African Breweries (SAB); 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; 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 consulting and strategy, handling complex IT and business transformation projects.

2. Ms Mamodupi Mohlala-Mulaudzi (Female; aged 48) Deputy Chairperson

Chair of Social and Ethics and PCS Committee

BA (Law) (University of Swaziland); LLB (University of Witwatersrand); LLM (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 in the following capacity: 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; Chairperson of Tshwane Mental Health Review Board.

She was previously: 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 at the Office of the National Consumer Commissioner; Councillor of the Independent Communications Authority of South Africa (ICASA); 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; 'Sins of the Father visited upon the Daughter' – Black Lawyers Association Bulletin.

3. Prof. Saths Cooper (Male; aged 71)

Chair of PBS Committee

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 is Extraordinary Professor at the University of Pretoria and Visiting Professor at the University of Johannesburg. He is also President of the Pan-African Psychology Union, immediate Past President of the International Union of Psychological Science, and Governing Board Member of the International Science Council. He was previously Vice Chancellor of the University of Durban-Westville, having spent nine years in apartheid prisons – serving five years in the same Robben Island cell block as President Mandela.

4. Adv. Benjamin Motshedi Lekalakala (Male; aged 60)

Chair of Human Resources and Remuneration Committee

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 practiced both as an attorney and an advocate and has worked for the public service as a Director, Chief Director and Chief of Staff. He previously worked for Telkom as the Executive responsible for Public Policy and Legislation. He was also appointed Chief Executive Officer – Gauteng Gambling Board, and Secretary to Council – City of Johannesburg and City of Ekurhuleni.

5. Mr David Maimela (Male; aged 39)

BA Hons (International Relations); B.PolSci (University of Pretoria).

Mr Maimela worked for the Competition Commission of South Africa as the Executive Head of the Office of the Commissioner. He also served as a Member of the Council of the University of Limpopo (UL). His previous experience includes working for the Mapungubwe Institute as a Researcher for Political Economy. He also worked in the Office of the Premier in Gauteng as Deputy Director in the Policy and Governance Division.

6. Mr Michael Grant Markovitz (Male; aged 59)

Chair of the Digital Technology Committee

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 board committees over a period of eight years.

In August 2021 Mr Markovitz was appointed by the Gordon Institute of Business Science (GIBS) to head up a Media Leadership Think Tank that will support democracy through research and solutions for the media and audiovisual sectors in Africa.

Mr Markovitz has expertise in regulation and participated in drafting South Africa's new broadcasting legislation in 1993 at the Multi-Party Negotiation Process. He also served as Special Adviser to the Independent Broadcasting Authority (IBA) and thereafter to ICASA's Chairperson, Mr Mandla Langa, from 1999 to 2005. In July 2018, the Minister of Communications appointed Mr Markovitz to serve on the Digital Migration Advisory Council.

As an active angel investor, Mr Markovitz has taken investment stakes in start-up digital businesses across South Africa. His other interests are in the hospitality industry, where he is the Board Chairperson of independent hotel group, V&A Hotel (Pty) Ltd.

7. Mr Dinkwanyane Kgalema Mohuba (Male; aged 56)

BA Paed, B.Ed (UNIN now UL); Management Development Programme (Unisa SBL); Higher Education and Leadership and Management (Wits School of Governance); Executive Management Programme (Turfloop Graduate School of Leadership, UL); Executive Development Programme (University of Stellenbosch Business School); Master of Business Administration (Regenesys Business School); Certificate in Theology and Diploma in Ministries (Teamwork Bible College International).

Mr Mohuba is Chartered Public Relations Practitioner (CPRP) of Public Relations Institute of Southern Africa (PRISA) and also an Individual Member of both the Institute of Directors South Africa (IODSA) and The Business Ethics Network of Africa (BEN-Africa).

Mr Mohuba is currently a Non-Executive Director of PRASA and served as the Executive Director: Marketing and Communication. He was Acting Dean of Student Affairs at the University of Limpopo from February 2017 to November 2018. He has served on the following governance and management structures: 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 was also Chairperson: Board of Trustees for the Mpumalanga Department of Agriculture, the IDC and the UL Nguni Cattle Development Project. He was recently appointed by the City of Johannesburg to serve as a Board Member of Johannesburg Social Housing Company's (JOSHCO) Development Committee.

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.

8. Ms Jasmina Patel (Female; aged 48)

Chair of the Audit and Risk Committee

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 University of Limpopo responsible for performing advanced-level and managing assurance and consulting services for projects as per the 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, where she gained extensive experience in internal controls and corporate governance through her involvement in internal audit assignments for both public and private sector clients, ranging from local government to parastatals, tertiary institutions and banks.

9. Mr Jack Howard Phalane (Male; aged 47)

Chair of the Finance Investment and Procurement Committee

BA, LLB and LLM (Telecommunications Law) degrees and an MBA (Wits); MCom (SA and International Tax) (North West University); Certificate in Advanced Corporate Law and Securities (UNISA); Teachers Diploma (Dr CN Phatudi College of Education).

Mr Jack Phalane has been practising as a commercial attorney for over 18 years, specialising in Company Law. He is experienced in drafting and advising clients on various commercial transactions, including mergers and acquisitions, corporate governance, telecommunications and broadcasting law. He is a director and member of the executive committee of Fluxmans Inc. He is also a Board Member of two listed companies where he is the chairperson of the Board of the one entity and a chairperson of a subcommittee of the other entity.

10. Ms Mary Bernadette Papayya (Female; aged 55)

Chair of the News and Editorial Policy Committee

Master's degree in Journalism (Stellenbosch University); Bachelor's degree in Journalism; Post-graduate Management Diploma; 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 at the University of Witwatersrand (WITS). She also serves on a range of professional bodies, 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 Businesswomen's Forum and the SA National Editor's Forum (SANEF), of which she is the Founder Editor and former Secretary-General. She currently serves as a Council member and the Chairperson of the Media Freedom Subcommittee. Ms Papayya is a media commentator, analyst, seminar speaker and dialogue convener. She 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 on the 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 programme (for three years), Convener of the KZN Newsmaker of the Year Award, Convener of the Nat Nakasa Bringing Home a Hero Project and Convener of the KZN Newsmaker of the Year Project.

11. Dr Marcia Socikwa (Female; aged 51)

Doctor of Philosophy (University of Stirling, UK); MA in International Communication (City University, UK); Bachelor of Arts and Honours (Wits); Certificate Program in Innovation for Economic Development (Harvard Kennedy School, US); Utility Regulation and Strategy (University of Florida, US); Diploma in Applied Telecommunications Studies (Cable and Wireless College, UK).

Dr Socikwa is currently the Vice Principal: Operations and Facilities at Unisa. She previously served as: Board Member

of the Printing Industries Federation of South Africa (PIFSA) (to 29 August 2019); Executive: Government Relations at Cell C; an ICASA Councillor for two terms. She was the Acting Executive Director: Corporate Affairs at Unisa. She was appointed as a Senior Lecturer and later Deputy Head of Department in the Department of Communication Science at Unisa. She has also served as a Member of the ICT Policy Review Committee and Broadband Policy Review Committee.

EXECUTIVE MEMBERS OF THE BOARD

12. Mr Madoda Mxakwe (Male; aged 48)

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 Certificate (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 of SABC. His extensive experience emanates from a broad combination of skills and expertise derived from senior executive positions 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 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 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 Director of Media Relations and Communications, and was subsequently appointed Chief of Staff in the Minister's office.

13. Ms Yolande Van Biljon (Female; aged 51)

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 the finance departments of a number of small, medium and larger companies she served in previous years. Her career spans more than 20 years, and depicts her skills and contribution to transformation, turnaround, and growth strategies, and to implementing these.

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 was 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 includes seven years 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 industry acceptable financial results, strong internal controls, exceptional client relations and a healthy order book – all within seven years. Following completion of her articles, she had a brief stint at a Private Investment Bank in London.

14. Mr Ian Plaatjes (Male; aged 56)

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)

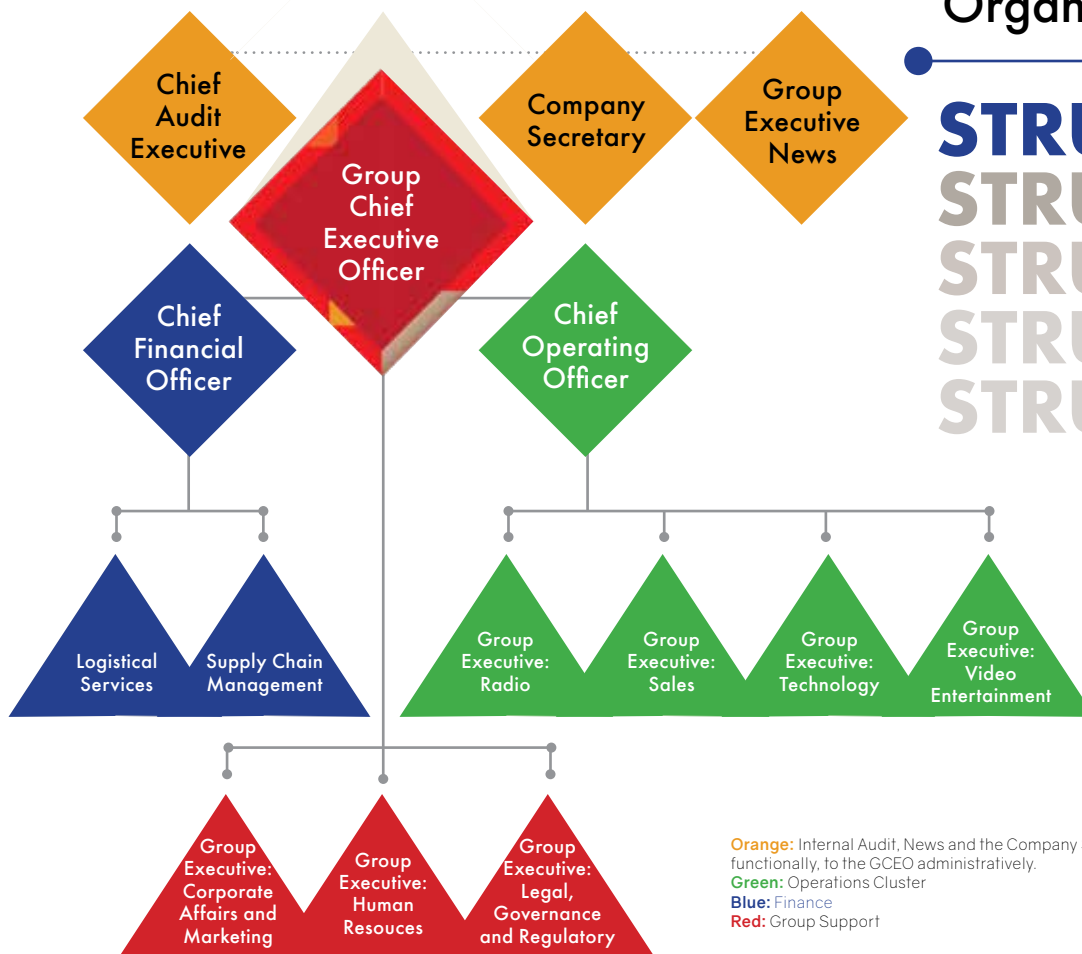
Mr Plaatjes has more than 30 years' experience in various industries, including telecommunications, mining, banking and the financial services sector. Prior to joining the SABC, Mr Plaatjes held the position of Chief Digital Officer at the South African Bureau of Standards (SABS). Previously, Mr Plaatjes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

TABLE: Committees of the Board and their Membership

Members	Audit and Risk	Finance, Investment and Procurement	HR and REMCO	PBS	PCS	Social and Ethics	Governance and Nomination	Digital Technology	News and Editorial	Total
Mr B E Makhathini		M					C			2
Ms M Mohlala-Mulaudzi					C	C	M			3
Prof S Cooper				C		M	M			3
Adv M Lekalakala	M		C				M			3
Mr D Maimela			M					M	M	3
Mr M Markovitz		M		M	M			C		4
Mr D K Mohuba			M			M	M			3
Ms M Papayya				M	M		M		C	4
Ms J Patel	C		M							2
Mr J Phalane		C				M		M		3
Dr M Socikwa	M							M	M	3

C - Chairperson, M - Member

SABC Board



Organisational

STRUCTURE

SABC Divisional and Regional Core Responsibilities

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

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

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

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

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

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

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

SABC Target Operating Model (TOM)

Technological progress, which is being driven by digitisation, has changed the way we live, work, shop and consume media. Customers expect real-time responses to their desires, orders, and inquiries, and want to be closely involved in the processes that affect them. The media industry is in the

center of the digital vortex and it has become crucial for the SABC's sustainability to swiftly meet its audience and customer needs and demands. Customer insights are an essential prerequisite for this, enabled through a robust business and operating model that clearly define what data is required and how and when it will be obtained, managed, analysed and disseminated to make informed audience, customer and business decisions.

The transformation to digitisation requires new approaches and ways of working and an enabling organisational structure. The SABC TOM provides the bridge between the strategic goals of the organisation, and the execution thereof.

The key objectives of the SABC Target Operating Model are:

- To overhaul the revenue generation model.
- To create compelling content, leveraging local creativity, and reducing production costs, without adversely impacting the artists.
- To reinvent content and brand lifecycles to drive growth in secondary markets on non-linear platforms.
- To develop new business models, customer relationships and innovative distribution platforms.
- To use business process re-engineering to aggressively reduce direct and indirect costs, including signal distribution and employee compensation cost.
- To attract and develop new digital skills in information communication technologies and business, to accelerate time-to-market.
- To implement a consumer / service-centric culture.
- To implement a fit-for-purpose organisational structure.

SABC

OFFERINGS



The SABC's bouquet of offerings includes 18 radio stations, five television channels and a digital media offering. A 19th radio station (Channel Africa) is managed by the SABC on behalf of the Department of Communications and Digital Technologies. Sometimes, after servicing all its internal obligations, the SABC has a surplus of its Outside Broadcasting (OB) facilities, in-house studio facilities, inhouse creative RAP studios and event venues that it rents to the public for additional revenue generation.

SABC RADIO STATIONS

To many who have limited access to information technology and other more advanced media platforms, radio remains a critical source of information, current affairs and entertainment. SABC Radio reaches 28.9m listeners (all adults 15 years and older) in all 11 official languages in South Africa. The PBS reaches 26m, while PCS radio reaches 6.8m listeners in an average week. The SABC's radio stations continue to serve this large section of the South African population and the PBS radio stations remain a vital platform for delivering the Corporation's public service mandate. SABC's radio stations are also available via live streaming from their respective websites and social media spaces, as well as on the DStv audio bouquet. Podcasting also remains a popular choice with listeners wanting to catch up on episodes of their favourite radio shows. The radio stations, and their respective average Past 7 Days audiences, are:



Public Broadcasting Services (PBS)

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

1,369,000
Past 7 Days



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

4,022,000
Past 7 Days



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

1,329,000
Past 7 Days



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

260,000
Past 7 Days



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

3,388,000
Past 7 Days



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

1,368,000
Past 7 Days



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

1,134,000
Past 7 Days



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

1,974,000
Past 7 Days



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



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

1,373,000
Past 7 Days



SAfm aims to deliver credible, up-to-the-minute news and talk, alongside relevant, informed analysis of current affairs. In accordance with its PBS mandate, SAFM also explores broader themes and subjects relevant to its target market and delivers the information in a manner that benefits all South Africans. The station targets discerning, mature and sophisticated listeners nationally. The focus is primarily on decision makers seeking insightful and enabling information to keep informed

762,000
Past 7 Days



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

2,942,000
Past 7 Days



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

261,000
Past 7 Days



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

7,925,000
Past 7 Days



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

4,599,000
Past 7 Days



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

6,000
Past 7 Days

Public Commercial Services (PCS)



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

1,088,000
Past 7 Days



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

774,000
Past 7 Days



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

5,314,000
Past 7 Days



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.

(Source of data: BRC RAMS: April to October 2021.)



The cast of Generations featured on SABC1.

SABC TELEVISION CHANNELS

Television remains the medium of choice for most South Africans. The public broadcaster's five television channels attract, on average, 26.6m South African adults (15+) in a typical month. The SABC Video Entertainment platform oversees five linear channels, as well as digital platforms. SABC1, SABC2 and S3 are broadcast as analogue terrestrial channels, while SABC Education and SABC Sport are broadcast as digital terrestrial channels. The analogue channels are also carried on the DTH platforms within the country and streamed on TelkomONE. With the imminent analogue switch off in March 2022, all channels will broadcast on digital platforms from April onwards.

(Source of data: BRC TAMS Reach and Frequency Analysis, All Adults Apr 2020-Jan 2021)

PBS



SABC1 is a full spectrum, general entertainment 24-hour reactive, free-to-air channel that speaks to youthful South Africans aged 16 to 34, with an epicentre of 24-year-olds. The current audience profile for the channel is primarily Black and mainly Nguni and Nguni minority language speakers. The channel represents the fibre of youthful South Africans and is in tune with the latest trends and entertainment, thus reflecting their interests, passion and aspirations. The channel is watched mostly in South Africa, with a compelling mix of strong local drama content, reality and popular general entertainment. SABC1 commands the highest audience share in midweek primetime in South Africa, entertaining the country with strong compelling local content and keeping them informed with relevant current affairs and news content.

► Average monthly audience: 22.6 million



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

► Average monthly audience: 20.5 million

Coverage via the terrestrial transmitter network covers 92.5% of the viewers, and the channel is also available via satellite on the DStv and Starsat.

PCS



S3 is a full-spectrum, 24-hour generalist, free-to-air channel that showcases the various shades of the South African millennial story, from reality to aspiration. SABC3 is the fifth largest channel in South Africa. It is positioned to deliver programming that is chic, fresh, elegant, has high production values, is relatable and highly entertaining. Its audience is Progressive Millennials aged 25-39 (with an epicentre at 30) and found in the SEM 6-8 groups. Predominantly located in urban areas and passionate about contemporary socio-economic and political issues, this audience is constantly looking at ways to improve their lives and that of others in the country. SABC3 has

► Average monthly audience: 15.5 million



SABC Sport @ 10 live streamed on YouTube and SABC1.

the smallest network footprint, with coverage via the terrestrial transmitter network covering 82.1% of viewers, mainly in metropolitan areas. The channel is also available via satellite on the DStv platform.

DIGITAL TERRESTRIAL TELEVISION (DTT) AND SATELLITE NETWORK CHANNELS



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



SABC News Channel has been broadcasting on DStv Channel 404 since 1 August 2013 and on DTT since 2015, and streaming on the SABC News App since 2019. The channel offers continuous news coverage, updates and current affairs reports to keep its audiences in South Africa and on the continent informed about local and international developments. It is a seamless fusion of journalism, current affairs and magazine programming, providing live coverage for up to 18 hours per day. The channel broadcasts in English and boasts a wide Pan-African reach. Now in its eighth year, the channel is the top most viewed satellite news channel in South Africa. The channel carriage licence agreement expires in September 2023 and is subject to commercial negotiations between the SABC and Multichoice Africa.

► Average monthly audience: 5.7 million



SABC Sport has been a cornerstone of the SABC broadcast experience for years, keeping South African sports fans informed and entertained with live sport and magazine shows carried on SABC 1, 2 and 3, where viewing figures dwarf those of local competitor, SuperSport. With the launch of a 24/7 SABC Sport Channel, first on the DTT platform, and then on the eMedia Openview set-top-box and the TelkomONE mobile livestreaming service in 2021, South Africans now have access to a wide range of first-rate local and international live sports events covering all the major sports genres, such as football, boxing, cricket, rugby, tennis, motorsport and athletics. The channel also offers great sport documentaries and a strong focus on women's sport, with coverage of women's football, cricket, boxing, rugby and motorsport. Since its launch in November 2020, the Sport Channel has already established itself as one of the top 15 channels on the Openview platform. It is also worth noting that the Channel's Openview and DTT viewing figures out-perform all but three of the SuperSport channels, even though the SABC Sport Channel itself is not available on the DStv box, which has a substantially larger TV universe than the OVHD and DTT offerings. However, the SABC continue to be undermined by the anti-competitive practices of SuperSport in the clauses and conditions added to their sub-licensing agreements, including the addition of a clause that specifically prohibits Sport content from being carried on the SABC Sport Channel, regardless of platform.

► Average monthly audience: 2.8 million

Capacity Relating to Human

RESOURCES RESOURCES RESOURCES RESOURCES



SABC Staff behind the scenes.

The new TOM structure contains 2684 approved positions. The SABC currently has a headcount of 2299, with approximately 400 vacancies in the process of being filled. The SABC has also embarked on a drive to ensure all employees have the right skills and qualifications to be effective in their positions. All applicants for vacancies are screened to ensure they meet the minimum requirements for a position before being considered for appointment. Current employees with identified skills shortfalls are given the opportunity to upskill themselves through training programmes and bursaries for studies in appropriate fields.

Employment Equity Profile

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

GRAPH: Progress against employment equity targets as of 31 January 2022

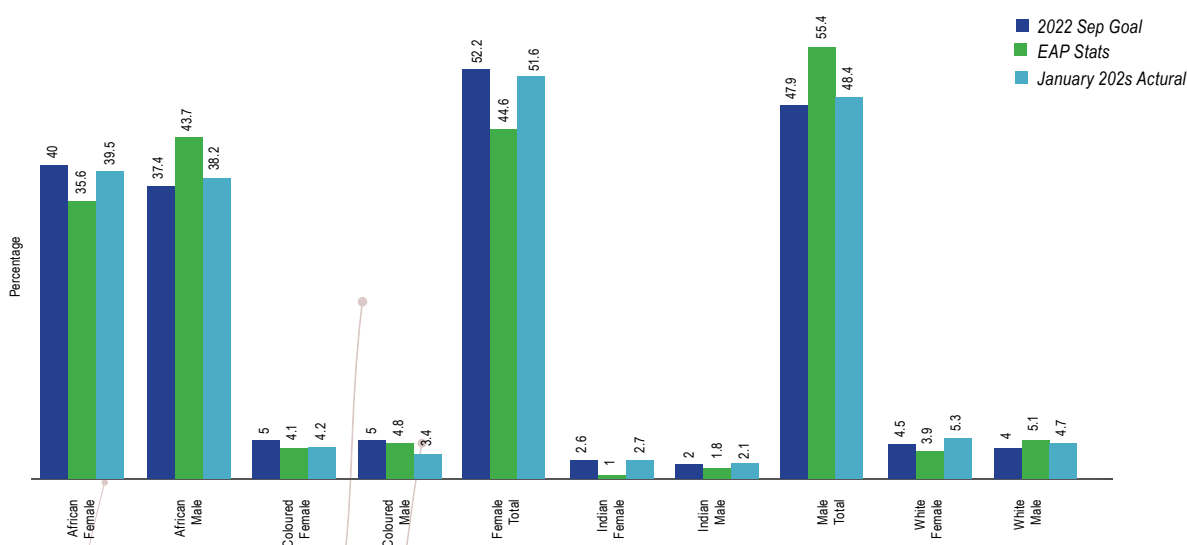


TABLE: Total per occupational level as of 31 January 2022

EE Occupation Level	Values	Male					Female					Grand Total
		African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	
Top Management (110/115)	Number	6	1	1	-	8	3	-	-	1	4	12
	%	50,00%	8,33%	8,33%	0,00%	66,67%	25,00%	0,00%	0,00%	8,33%	33,33%	100,00%
Senior Management (120)	Number	10	1	-	3	14	5	1	-	1	7	21
	%	47,62%	4,76%	0,00%	14,29%	66,67%	23,81%	4,76%	0,00%	4,76%	33,33%	100,00%
Prof Qualified, Exp Spec and Mid Man (Scale 125/130/200/300)	Number	198	20	26	52	296	208	19	22	52	301	597
	%	33,17%	3,35%	4,36%	8,71%	49,58%	34,84%	3,18%	3,69%	8,71%	50,42%	100,00%
Skilled Technical and Academ Qualified (Scale 401/402/403/404)	Number	547	51	21	51	670	596	68	37	64	765	1 435
	%	38,12%	3,55%	1,46%	3,55%	46,69%	41,53%	4,74%	2,58%	4,46%	53,31%	100,00%
Semi-Skilled and Descret Decision Making (Scale 405/406/407/408)	Number	118	4	1	2	125	96	8	2	3	109	234
	%	50,43%	1,71%	0,43%	0,85%	53,42%	41,03%	3,42%	0,85%	1,28%	46,58%	100,00%
Total Number		879	77	49	108	1 113	908	96	61	121	1 186	2 299
Total %		38,23%	3,35%	2,13%	4,70%	48,41%	39,50%	4,18%	2,65%	5,26%	51,59%	100,00%
EAP		43,70%	4,80%	1,80%	5,10%	55,40%	35,60%	4,10%	1,00%	3,90%	44,60%	100%



Behind the scenes during Employee Engagement vlog recordings by staff and leadership.

At the Top and Senior management levels, females have a 33% representation rate versus a male representation rate of 67%. When compared to the EAP, the SABC is 11% below the target for female employees at this level. At the Professionally Qualified and Experienced Specialist level, females are well represented 50.42%, with African females at 39.5% of the workforce. At a Skilled Technical and Academically Qualified level, females make up 41.53% of the SABC workforce, with African females at 53.42%.

Overall, females are well represented, at 51.59% of the entire SABC workforce. This is 6.9% above the EAP for females, while males are lagging 6.9% behind EAP at present.

The SABC has amended the employment equity targets after a review brought about by the recent headcount reduction that took place at the SABC to ensure that realistic targets are set, which are aligned to the economically active population of the country.

Outcome of the Employee Engagements Initiative

The employee engagement programmes were implemented with the aim of reinforcing the strategic direction of the organisation, ensuring that all employees at SABC are fully integrated and meaningfully engaged, and living the values of the Corporation. The focus of our leaders is on growing, nurturing, and mentoring our teams, as the key to taking the organisation to greater heights rests in team effectiveness. We set out to cultivate an environment that is conducive for growth and encourages employees to share valuable ideas and contribute meaningfully towards the implementation of the SABC's turnaround strategy. We cannot under-estimate the power of each employee in influencing organisational success. Every employee is an ambassador of the SABC, and all of us need to behave and act in line with the SABC values. Employees are therefore encouraged to share ideas that contribute to the success of the SABC through the employee engagement programmes.

For the SABC, a strong company culture is vital in driving overall success. A great company culture is not only about what we say, but also about what we do: it is the way that we conduct business and ultimately how our stakeholders experience the SABC. Our company culture is the sum of the SABC's norms and values in action. The SABC's values were socialised with all employees through various employee engagement sessions, and the behaviour associated with these values has been established across the organisation.

The leadership team knows the value of prioritising a great employee experience to realise greater results. They appreciate the importance of individual contribution and know that every member of every team must feel included in the decision-making processes at the SABC. Through the employee engagement programmes, the leadership team has placed employees at the centre of everything that we do. The employee engagement programmes continue to enable us to engage the hearts and minds of all at SABC. Through these sessions, everybody is involved in the progress of the organisation, thereby enabling everybody to make the best choices for the SABC.



Information Communication

TECHNOLOGY TECHNOLOGY TECHNOLOGY TECHNOLOGY TECHNOLOGY Capacity

The broadcasting industry is in the midst of the most dramatic change in its history, as the move from analogue to digital broadcasting accelerates. The rise of digital technology has led audiences to now expect to consume content anywhere, anytime and on any device. Regardless of these changes, the need for the public broadcaster to provide compelling and accessible content that spans a range of genres and meets mandate objectives at the same time, remains paramount.

While the impact of change is felt throughout the business, its effect is felt most profoundly in the area of technology and infrastructure. With a reliable technology infrastructure suited to the digital age, the SABC will be able to lead and compete with new entrants to the digital broadcasting sector.

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

The Technology TOM was implemented in April 2021 (21/22 Fiscal year), in order to achieve the digital objectives of being agile and customer focused, and to transition teams

into the new ways of working and new capabilities that are required in positioning SABC 2.0.

As the SABC trades in the information, communication and technology (ICT) sector, technology has a big role to play in terms of the broadcaster's operations, as enshrined in the mission and vision statements. In fact, it is the backbone of the broadcaster's operations. Technology is a key enabler that can make or break the SABC, and which could cripple its ability to compete in a forever evolving and youthful market. The role of technology at the SABC is to ensure appropriate and reliable infrastructure for the production and delivery of broadcast programming and digital media content and support commercial revenue generation. The technology strategy is therefore part of an integrated approach to the progressive plan to migrate the SABC's operations, to digital, thereby ensuring alignment of resources, strategy, and structure to implement solutions to the benefit of the organisation and its customers.

The digital journey is well established, with initiatives to digitise, digitalise and digitally transform the technical and operational environments that are essentially the backbone of the SABC. Some technological game changers for the mid-term period are essentially entrenched in establishing our own fully integrated and monetised OTT streaming platform and partnering with a DTH platform. Additional game-changers include re-development of the websites for all SABC platforms and securing new mobile applications that are necessary for us to remain relevant in the competitive landscape and ensure that SABC content is available to its target audience in a platform agnostic format.

To support the strategic vision of a digital SABC, it is essential that critical Radio, Television, News and Sport production and broadcast infrastructure is upgraded, digitised and even digitalised, which will be achieved through various investment initiatives. Coupled to this is the continued preservation of legacy content, which will see the digitisation of the next 84,000 hours of TV and TV News archival content.

In regard to our signal distribution, the SABC intends to be an analogue-free broadcaster within the next fiscal year, when all analogue SABC TV services will be switched off.



SABC broadcasts from NASREC as part of COVID-19 protocols.



The Thought Leadership Series which was aired on SAfm and YouTube.

Stakeholder

RELATIONS RELATIONS RELATIONS RELATIONS

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

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

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

- Develop and implement a roadmap to support all engagement initiatives for the various stakeholder groups.
- Establish platforms through which the SABC can engage, listen to and respond to stakeholder needs.
- Identify and explore areas, initiatives and activities for potential partnerships.
- Establish a feedback loop to improve responsiveness and help resolve critical issues.

The status of SABC compliance with B-BBEE

The SABC is a PFMA schedule 2 public entity and therefore subscribes to the principles of the B-BBEE Act and

the related B-BBEE ICT sector codes. To this effect, The SABC strives to promote and empower black owned businesses through its procurement process, which is aligned to the Preferential Procurement Policy Framework Act and its associated regulations. As at 31 January 2022, 114.49% of the total measured procurement spend was directed to B-BBEE-compliant businesses. The Board has further approved the Enterprise and Supplier Development Strategy, which is aimed at promoting and advancing businesses that are owned by Black people, with a specific focus on Black women, the youth, Black people with a disability, businesses owned by Black people in rural communities and cooperatives. The table below shows achievements to date in terms of preferential procurement.

GRAPH: The status of SABC compliance with B-BBEE

Description	Target as Per ICT Codes	Achieved BBBEE Spend	% Achieved
Total Actual Spend		R 217,054,863.91	
BBBEE Spend	80%	R 248,510,827.96	114.49%
Black Owned (51%)	40%	R 224,584,153.97	103.47%
Black Women Owned (30%)	12%	R 76,513,715.12	35.25%
QSE	15%	R 90,192,721.12	41.55%
EME	15%	R 49,866,400.98	22.97%

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

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





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Measuring Our
Performance

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9. Strategic Planning Process

Formulation of the 2022/23 – 2024/25 Corporate Plan was guided by the SABC's Board, Executive Directors and Group Executives. The planning cycle was implemented in the following three phases: Divisional Planning Sessions, Cluster Summits (Operations Summit, Group Services Summit), and the Board Summits (Programming Summit and Board Strategy Summit).

SABC Foundation is in the process of de-registration and has no operational activities except those required administratively to give effect to the de-registration. As such PDOs are not required.

10. SABC Performance Information

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

strategic pillars.

STRATEGIC PILLAR 1: FINANCIAL SUSTAINABILITY

Explanation of planned performance in the medium term

The ultimate goal of the SABC to fulfil its mandate while being financially sustainable and this will remain in sharp focus for the next MTEF period. Significant progress has been made in the past four years to stabilise the finances

of the Corporation. This has been achieved through the development and implementation of solid commercial revenue generation strategies, careful management of cash-flows, the pursuit and sustained implementation of cost optimisation initiatives, and improvement in the budgeting processes, as well as other strategies. All these efforts will continue into the future. However, while cash management will continue, it will not be to the detriment of SMEs, as has been the practice in the past few years. In accordance with government policy, the Corporation will endeavour to make sure that these entities continue to be paid within the prescribed 30 days of receipt of a valid invoice.

Over the next MTEF, particular attention will be placed on generating more revenue from the vast radio listenership that the Corporation's radio stations enjoy. Innovative measure will be employed to ensure that revenue from this platform attains a level commensurate with listenership numbers.

The ability to build on the gains achieved thus far, and to ensure that the SABC is a financially sustainable entity into the future, will depend (in significant measure) on changes to the legislative regime that places restrictions on the Corporation's ability to: compete effectively for revenue; make acquisitions in a manner that ensures maximum competitiveness; optimise its cost structure in line with its business requirements. The SABC will continue to actively and assertively participate in the ongoing regulatory review processes to try to exert influence to achieve an outcome that will benefit the Corporation and the millions of South Africans that it exists to serve.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
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)	R443 768	R533 877	R604 922	R622 022	(R26,114)	(R82,740)	(R560,038)
	Working capital management maximised in response to the operating environment	Average creditors' payment days	143	51	33	159	60	60	60
	the operating environment	Average debtors' collection days	53	38	54	45	51	56	50

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
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)	(R26,114)	(R9,367)	R96,104	(R210,995)	R98,144
	Working capital management maximised in response to the operating environment	Average creditors' payment days	60	60	60	60	60
		Average debtors' collection days	51	51	51	51	51

Updated Key Risk

Key Risk	Risk Mitigation
FINANCIAL SUSTAINABILITY	
GOAL: A FINANCIALLY SUSTAINABLE ORGANISATION	
Finance Risk Inadequate Working Capital Management	<ul style="list-style-type: none"> Continuous review of accounts receivable management to balance client requirements and the requirements of the Corporation Close engagement between business units to ensure seamless planning. Business units to have a clear understanding of their cashflow needs. Close engagement with and communication with service providers and suppliers
Revenue Generation Inability to achieve annual targeted revenue	Continuous monitoring of revenue generation and TV Licence collection activities through weekly and monthly operational and divisional strategic meetings

STRATEGIC PILLAR 2: CONTENT AND PLATFORMS

Explanation of planned performance in the medium term

The way to measure the relevance of the SABC is through the appeal of its content to viewers, and listeners. The number of viewers and listeners is also the currency through which the Corporation is able to generate commercial revenue to fund its mandate, including a significant portion that it is unfunded. Continuous and prudent investment in content is therefore a key ongoing strategic focus for the SABC, as it competes for audiences for its radio, television and digital platforms.

Over the period or the MTEF, the Corporation will focus on retaining its vast radio audiences, increasing its television audiences, and building a strong digital presence. Particu-

lar focus will be placed on building on the gains made in establishing the SABC News service as the most credible news offering in South Africa. It is important to note that while the news offering is of critical importance to the fulfilment of the SABC's mandate, its operations are funded by revenue generated elsewhere in the organisation. While efforts will be made to generate some revenue, the revenue generation potential of the news offering is expected to remain minimal during the MTEF. Given this reality, management of the news operations will require continuous innovation to optimise costs.

The past fiscal says the re-establishment of a strong sports offering by the SABC. Building on this will continue in the MTEF with the launch of a second sports channel. As viewership on the channels grows, better revenue returns will be pursued.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance 2021/22	MTEF targets		
			2018/19	2019/20	2020/21		2022/23	2023/24	2024/25
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.	Share of screen ratings on free-to-air television channels protected	Prime time share of television screen ratings (%)	New Indicator			SABC1: 25% SABC2: 8% S3: 3%	SABC1: 30% SABC2: 12% S3: 5%	SABC1: 35% SABC2: 14% S3: 6%	
	Compelling television content delivered	Number of SABC TV programs in the terrestrial top 20	New Indicator			15	15	15	
	Celebration of national days on an intercultural basis, fully inclusive of all South Africans, promoted on radio and television	Number of national days covered on television	New Indicator			7	7	7	
		Number of national days covered on radio	New Indicator			7	7	7	
	Compelling sports content delivered	Number of new sports rights acquired	New Indicator	3	4	5	6		
	Numbers of adult listeners of SABC radio stations maintained	Average number of adult listeners of SABC radio stations per 7-day period	New Indicator			PBS:30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m	
Public news service mandate fulfilled through the provision of independent and accurate news	Percentage of news and current affairs-related complaints adjudicated in the SABC's favour	New Indicator			80%	80%	80%		

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
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	Prime time share of television screen ratings (%)	SABC1: 25% SABC : 8% S3: 3%	SABC1: 22.0% SABC2: 6.0% S3: 1.5%	SABC1: 23.0% SABC2: 6.5% S3: 2%	SABC1: 24% SABC2: 7% S3: 2.5%	SABC1: 25% SABC2: 8% S3: 3%
	Compelling television content delivered	Number of SABC TV programs in the terrestrial top 20.	15	15	15	15	15
	Celebration of national days on an intercultural basis, fully inclusive of all South Africans, promoted on radio and television	Number of national days covered on television	7	3	5	6	7
		Number of national days covered on radio	7	3	5	6	7
	Compelling sports content delivered	Number of new sports rights acquired	4	2	-	3	4
	Number of adult listeners of SABC radio stations maintained	Average number of adult listeners of SABC radio stations per 7-day period	PBS: 30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m	PBS: 30,0m PCS: 6,0m
	Public news service mandate fulfilled through the provision of independent and accurate news	Percentage of news and current affairs-related complaints adjudicated in the SABC's favour	80%	80%	80%	80%	80%

Updated Key Risk

Key Risk	Risk Mitigation
CONTENT AND PLATFORMS	
GOAL: OFFER A COMPETITIVE AND INNOVATIVE MULTICHANNEL PORTFOLIO	
Content Risk Inadequate compelling content	<ul style="list-style-type: none"> Conduct a qualitative audience research and provide audience-preferred content for Radio and VE Develop a rolling television, sport and radio content investment plan Identify key sport properties to grow sports brand Sustain performing content and source fresh content to attract audiences

STRATEGIC PILLAR 3: DIGITAL

Explanation of planned performance in the medium term

Realisation of this pillar's strategic outcome of being a preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms will require the SABC to have a significantly stronger digital presence. This will be achieved primarily through the introduction of the SABC's own OTT platform. However, the viability of the platform will require simultaneous upgrading of all the Corporation's other digital platforms (websites and apps), the availability of extensive content, and appropriate systems to effectively manage the offering. Upgrading the SABC's infrastructure and systems is also a necessary pursuit to ensure increased efficiency across the organisation.

All these goals will be pursued during the MTEF. Projects will continue to be implemented to upgrade all the SABC's digital platforms. Digitisation of legacy material will

continue, in order to build the SABC's content library that can be accessed on the digital platforms. The scheduling system will be upgraded to allow for more efficient management of the SABC's vast content library.

Management of the remaining main cost driver at the Corporation – transmission costs – will continue to receive focus in the next fiscal and MTEF period. Ensuring the financial sustainability of the SABC requires a significant reduction in transmission costs, and although technological advances have made this possible, the existing legislative regime prevents using these other technologies to the SABC's benefit. While the Corporation will continue to engage the appropriate stakeholders with regard to legislative and regulatory changes, interim relief will be sought through facilitated engagements with SENTECH.

Digital transformation of the SABC is expected to advance considerably during the next MTEF period.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
DIGITAL									
GOAL: SABC EVERYWHERE FOR EVERYONE									
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	DIGITALISATION Digital workflows and infrastructure for SABC content implemented	Number of additional sites with functional new radio payout system installations	New Indicator	-	6	10	Maintenance and support		
		Priority capex projects for TV News implemented	New Indicator		Conclude SCM process for News Production System	Operational News Production System	Maintenance and support	Maintenance and support	
					Conclude SCM process for Newsroom Computer System	Commission Newsroom Computer System	Operational Newsroom Computer System		
					Operational News Branding and Graphic Payout System	Operational News Branding and Graphic Payout System			

Outcome	Output	Output Indicator	Audited performance			Estimated performance	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
DIGITAL									
GOAL: SABC EVERYWHERE FOR EVERYONE									
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	DIGITILISATION Conversion / transition from analogue to digital	Number of hours of TV and TV News content digitised	New Indicator		Service provider contract signed	30,000hrs of content digitised	50,000hrs of content digitized	50,000hrs of content digitised	
		Percentage of analogue TV transmitters switched off (in collaboration with SENTECH)	New Indicator	1 Analogue transmitter switched-off (Senekal)	100%	100%	N/A	N/A	
	DIGITAL TRANSFORMATION • Emerging technologies • OTT platforms • New business models	Operational SABC OTT Digital Platform – SABC++	New Indicator			Website and App streaming	Launch SABC OTT platform	OTT functional enhancements	OTT functional enhancements
					Pilot and launch Radio Web and App Ecosystem	Maintenance and support		Maintenance and support	
					Launch SABC OTT platform – SABC++				

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
DIGITAL							
GOAL: SABC EVERYWHERE FOR EVERYONE							
To be the preferred broadcaster within our communities through the provision of compelling informative, educational and entertaining content that is accessible on all platforms	DIGITILISATION Digital workflows and infrastructure for SABC content implemented	Number of additional sites with functional new radio playout system installations	10	5	9	10	10
		Priority capex projects for TV News implemented	Operational News Production System	Placement of the order Partial delivery of equipment	Preparation of installation sites Partial delivery of equipment	System commissioning and Soak Test	Training Project closure
			Commission Newsroom Computer System	Placement of the order Partial delivery of equipment	Preparation of installation sites Partial Delivery of Equipment	Full delivery of equipment Partial installation and configuration	System commissioning and Soak Test Establishment training
			Operational News Branding and Graphic Payout System	Equipment delivery System Installation and Configuration Commissioning and Soak Test Commence mechanical works in News Server Room	Conclude mechanical works in Server Room Training	Project closure Maintenance and support	Maintenance and Support
	DIGITISATION Transition from analogue to digital	Number of hours of TV and TV news content digitised	30,000hrs	SCM process concluded (legal contracting) Placement of orders Partial delivery of equipment	Full delivery of equipment Installation and commissioning	15,000hrs	30,000hrs
		Percentage of analogue TV transmitters switched-off (in collaboration with SENTECH)	100%	50%	65%	80%	100%
	DIGITAL TRANSFORMATION • Emerging technologies • OTT platforms • New business models	Operational SABC OTT digital platform – SABC++	Launch SABC OTT platform	SCM process (conclude BEC, obtain BAC and EXCO approval to award tender)	Conclude SCM process (legal contracting) Placement of Orders Collaboration and solution design	Solution implementation and configuration	Launch SABC OTT platform

Updated Key Risk

Key Risk	Risk Mitigation
DIGITAL	
GOAL: SABC EVERYWHERE FOR EVERYONE	
Technology and Infrastructure Risk Delays in implementing digital infrastructure projects, including the OTT project	Prioritise group Media Technology and Infrastructure Project with Supply Chain Management.

STRATEGIC PILLAR 4: HUMAN RESOURCES

Explanation of planned performance in the medium term

The realisation of an SABC that is a modern, digital, multi-channel public broadcaster that can consistently fulfil its mandate in a financially sustainable way is predicated upon an SABC that is staffed by a competent, dynamic workforce that is fit for purpose.

In addition to embedding and strengthening the performance management culture, during the next MTEF, the Corporation will revise the recruitment strategy and positioning of the SABC to improve recruitment and retention of high calibre employees. Leadership development will be another key focus. The aim of the leadership development initiatives will be to increase the appreciation of people initiatives as an integral output of all leadership. Focus will

also be placed on embedding organisational values and related behaviour to elevate the culture to a level of acceptance and alignment by all employees.

The skills audit that took place during the 2020/21 financial year revealed the skills shortages across the organisation. Over the next MTEF, concerted effort will be made to address the shortages through implementation of the annual Workplace Skills Plan (WSP). Successful implementation will require some strengthening of capacity in terms of human resource personnel in the organisation, to improve their ability to deliver in accordance with the new organisational structure and expectations. Capacity strengthening initiatives for human resources personnel have started and will continue to be implemented during the next MTEF.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance 2021/22	MTEF targets		
			2018/19	2019/20	2020/21		2022/23	2023/24	2024/25
HUMAN RESOURCES									
GOAL: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE									
To be the preferred employer with employees who are our brand ambassadors	Performance management implemented	Percentage of employees with signed performance contracts	New Indicator	68%	73%	95%	95%	95%	95%
	WSP implemented	Percentage of training interventions completed as per the WSP	46%	10%	32%	75%	60%	70%	80%

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
HUMAN RESOURCES							
GOAL: A COMPETENT, DYNAMIC WORKFORCE		THAT IS FIT FOR PURPOSE					
To be the preferred employer with employees who are our brand ambassadors	Performance management implemented	Percentage of employees with signed performance contracts	95%	95%	N/A	N/A	N/A
	WSP implemented	Percentage of training interventions completed as per the WSP	60%	15%	30%	45%	60%

Updated Key Risk

Key Risk	Risk Mitigation
HUMAN RESOURCES	
GOAL: A COMPETENT, DYNAMIC WORKFORCE THAT IS FIT FOR PURPOSE	
People Risk Inability to recruit and retain competent and dynamic workforce	• Implement employee engagement initiatives
	• Approval and implementation of revised Remuneration Policy and Practices
	• Implement an integrated talent management strategy for the SABC

STRATEGIC PILLAR 5: GOVERNANCE

Explanation of planned performance in the medium term

Over the past four years, a great deal of effort has been made to address the governance shortcomings of the Corporation, in order to prevent ethics and governance failures. This will result in an improved contribution to quality decision making at the Corporation. For the first time in several years, the SABC has enjoyed a stable Board and Executive leadership team, that has worked hard to establish a solid governance framework. The improvement in external audit outcomes year-on-year is testament to the

work being done. The work being done to safeguard the gains and to build on them will continue in the next MTEF period. The pursuit of an unqualified audit will continue in earnest. Supporting this effort will be a focus on carrying on the work to ensure that all the policies in use at the corporation are reviewed and up to date. Furthermore, the focus during the MTEF will also be on embedding risk management practices that cover strategic, operational and compliance risks. This will be done simultaneously with implementation of the Internal Controls Framework.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance 2021/22	MTEF targets		
			2018/19	2019/20	2020/21		2022/23	2023/24	2024/25
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, legislative and regulatory framework	Internal control environment strengthened	Percentage of previous financial years' Auditor-General findings resolved	81%	61%	74%	90%	80%	80%	80%
		Percentage of policies reviewed that are current in terms of the 2-year review cycle	New Indicator		57%	65%	60%	70%	80%

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
GOVERNANCE							
GOAL: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS							
To be the preferred broadcaster within our communities while adhering to the prevailing policies, legislative and regulatory framework	Internal control environment strengthened	Percentage of previous financial years' Auditor- General findings resolved	80%	-	5%	45%	80%
		Percentage of policies reviewed that are current in terms of the 2-year review cycle	60%	55%	57%	59%	60%

Updated Key Risk

Key Risk	Risk Mitigation
GOVERNANCE	
GOAL: COMPLIANT GOVERNANCE PRACTICES, RISK MANAGEMENT AND SOUND INTERNAL CONTROLS	
Fraud and Corruption	<ul style="list-style-type: none"> Strengthen the internal control environment Vetting all new and existing personnel
Governance Risk Improper Governance practices	<ul style="list-style-type: none"> Hold management accountable for the implementation of assurance providers recommendations / action plans Establish a combined assurance forum Group Executives should ensure that policies and frameworks in their divisions are reviewed and up to date, in line with the SABC Policy Management Framework

STRATEGIC PILLAR 6: PARTNERSHIPS

Explanation of planned performance in the medium term

In the era of digital convergence, sustained turnaround of the SABC requires that it continuously and actively seeks out strategic partnerships to generate additional revenue or share costs. With the planned launch of the SABC's

own OTT platform, the demand for content is going to increase in future. In addition to innovative content acquisition methodologies, content generation partnerships will have to be pursued that will stretch the available budgets for content. Maximum exploitation of SABC content will be pursued through content distribution partnerships. To aid this, popular content will be dubbed into multiple languages to increase local and international appeal.

Outcome, Outputs, Outcome Indicators and Targets

Outcome	Output	Output Indicator	Audited performance			Estimated performance 2021/22	MTEF targets		
			2018/19	2019/20	2020/21		2022/23	2023/24	2024/25
PARTNERSHIPS									
GOAL: STRATEGIC AND SUSTAINABLE PARTNERSHIPS									
To be the preferred brands for our audiences	Television content generation partnerships established	Number of television content generation partnership agreement/ MOUs signed	New Indicator		2	7	8	8	8

Outcome, Outputs, Outcome Indicators and Quarterly Targets

Outcome	Output	Output Indicator	Targets				
			2022/23 Annual Target	Q1	Q2	Q3	Q4
PARTNERSHIPS							
GOAL: STRATEGIC AND SUSTAINABLE PARTNERSHIPS							
To be the preferred brands for our audiences	Television content generation partnerships established	Number of television content generation partnership agreement/MOUs signed	8	2	4	6	8

Updated Key Risk

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

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Financial Year 2022/23
to 2024/25 Budget

Financial Year 2022/23 to 2024/25

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Objective

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

Effective financial planning and budgeting allows the SABC to:

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

Legislative Requirements

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

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

- (i) projections of revenue, expenditure and borrowings;
- (ii) asset and liability management;
- (iii) cash flow projections;
- (iv) capital expenditure programmes; and
- (v) dividend policies.

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

Executive Summary

- The SABC is forecasting a R38m net loss for the financial year 2021/22 based on the latest projections. This is a significant improvement from the R530m loss in the financial year 2020/21.
- For the budget period ending 31 March 2023, the SABC expects an improved performance with a budgeted profit of R65m.
- Total revenue forecast for the financial year 2022/23 is expected to grow by 17% (R950m) from the financial year 2021/22 forecast. This is largely driven by a 9% (R295m) growth in advertising revenue, a 46% (R279m) growth in sponsorship revenue and a R88m growth in OTT revenue from almost nil in the financial year 2021/22. Advertising revenue grows at an average 9% annually over the MTEF period.
- Having gone through the implementation of the new operating model for costs optimisation, there is very little scope for cost reduction. Almost all expenses line items except signal and distribution costs are budgeted to grow at above CPI levels as the economy returns to a level of normalcy,
- Marketing has been budgeted at R201m in support of the Turnaround initiative realisation. The Marketing budget is supported by platform specific marketing plans. With the appointment of a panel of marketing agencies, the actual spend is projected to improve from the traditionally low spend in prior years.
- Investment in content grows by 7% to R1.4bn and grows at an average of 9% over the MTEF period.
- If the budget is achieved, the SABC is unlikely to face liquidity challenges over the MTEF period. Revenue projections have been set at realistic levels which reduces the risk of significant budget variances. OTT revenues at R471m over the MTEF period pauses the most risk though to the Revenue projections and the liquidity of the Corporation as this is a new revenue line.

It is projected that R880m of National Treasury funding will still be available to fund the SABC's long-term capital expenditure and content acquisition plan as of 1 April 2022. An additional R100m is expected to be released from the disposal of non-core assets and

is to be utilised in funding our capital expenditure plan. As a result, the SABC is not expected to borrow any funds, except for vehicle financing that will be secured against the vehicles acquired.

Budget Assumptions

The hybrid (zero-based and incremental) budget methodology has been adopted in preparation of the 2022/23 financial year budget.

Indicator	Reference	Budget 2022/23	Forecast 2023/24	Forecast 2024/25
Commercial revenue				
Advertising and Sponsorship Revenue	SABC Guidance			
Video Entertainment		8%	8%	8%
Radio		11%	11%	11%
Programme Rights exploitation		20%	4,5%	4,5%
Internet / Digital (Incl. OTT)		30%	11,5%	11,5%
TV Licences	Historic Trends	20%	10%	5%
Other Revenue Streams	Management guidance	4,2%	4,5%	4,5%
Employee Costs				
Permanent	NT MTEF 2022 COE Guidelines	1,5%	6,5%	6,5%
Content Investment as a percentage of Revenue	SABC Guidelines	25% - 30%	25% - 30%	25% - 30%
Signal and Distribution		-4%	-5%	-7%
Marketing costs as a percentage of Revenue		Must not exceed 4% of Revenue	Must not exceed 4% of Revenue	Must not exceed 4% of Revenue
Average Monthly USD Exchange Rates	Bank Average monthly and annual rates	R16,37	R17,10	R17,87
Average Year End USD Exchange Rates		R17,16	R17,93	R18,74
Other Expenses- (not on zero based budgeting)	NT MTEF 2022 COE Guidelines	4,2%	4,5%	4,5%

Budget Risks and Uncertainties

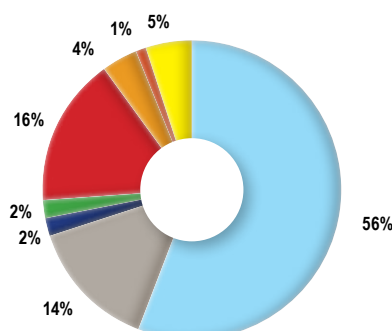
- Continued uncertainties of economic, travel and trading restrictions due to spikes in COVID-19 infections or new potent variants being discovered
- Content acquisition plans that will allow new, exciting content to draw audience to and retain them on our platforms
- Yield on content investment has a turnaround of 12 – 18 months for creation/restoration of the audience share, which delays the potential revenue generation.
- Some events/ sports of national interest have not been budgeted for. Should stakeholder pressure prevail to broadcast unbudgeted events, these create an additional burden on the SABC cash flows and may result in broadcast schedule displacements (and thus a potential loss of advertising revenue).
- The success and efficiency in the implementation of the OTT strategy may pose a risk.
- The efforts towards aggressive restoration of the revenue generation, does not realise or does not realise to the extent anticipated despite continued investment in content.
- The digital migration in view of depressed DTT set-top boxes roll-out may negatively affect SABC viewership numbers.
- Successful negotiations key channel carriage deals
- The S3 platform and ALS radio stations continue to struggle commercially. The success of marketing initiatives and sales deals will be critical on these platforms to minimise losses.

Income Statement

Financial Statement Item (R'000)	Budget 2023	Budget 2024	Plan 2025
Advertising Revenue	(3 642 287)	(3 996 901)	(4 386 027)
Sponsorship Revenue	(879 792)	(1 067 550)	(1 026 860)
Over the Top Revenue	(87 751)	(165 249)	(217 971)
Licence Fees	(1 020 300)	(1 040 706)	(1 071 927)
Other Revenue and Other Income	(764 540)	(806 748)	(807 468)
Total Revenue and Other Income	(6 394 670)	(7 077 154)	(7 510 254)
Amort PFSR	1 384 593	1 566 734	1 671 485
Signal Distribution and Linking	661 176	750 779	715 380
Employee Compensation	2 365 118	2 599 114	2 693 790
Marketing Costs	200 455	189 073	184 435
Other Expenses and Net Finance costs	1 718 696	1 848 388	1 629 835
Total Expenditure and Net Finance Costs	6 330 038	6 954 087	6 894 925
Net (Profit) Or Loss for the Year	(64 632)	(123 067)	(615 329)

Revenue

GRAPH: Revenue Contribution 2022/23



Advertising
Sponsorship
Over the Top
Trade Exchange
Licence Fees
Government Grants
Content and Commercial Exploitation
Websites
Other

To support the budgeted revenue growth, the SABC is increasing its marketing spend by 277% to R201m from the financial year 2021/22 projections. Detailed marketing plans for each platform have been developed and will be monitored through the year to ensure the anticipated return on marketing investment is achieved.

Below are the strategic initiatives which will be implemented by the SABC to boost the revenue streams:

Advertising and Sponsorship Revenue	TV Licence
<ul style="list-style-type: none"> Resourcing the organisation with appropriate digital skills to execute on the digital sales targets. Commercial sponsorship model to enhance inclusion of sponsorship deals in entertainment and sport events. Optimise unsold inventory through roll-out of multiple innovative trading models. 	<ul style="list-style-type: none"> Websites' enhancements Outsource call centre solution TV Licence moratorium / amnesty Outsource the licence fee collection to bring about collection efficiencies and minimise capital investments requirements
Channel carriage and content exploitation	Other strategies
<ul style="list-style-type: none"> More attractive carriage deals (partnering with mobile operators) and exploring international markets for SABC productions. Intelligent and data driven prioritisation of Investment in digital media library to convert more content into digital format. Aggressive OTT deals (due to the potential presented by Digital Migration). 	<ul style="list-style-type: none"> Monetise radio programme genres Merchandising (Online Store) Invest in events with high returns e.g., restore Music Awards property.

The SABC depends mainly on commercial revenue to finance its operations. However, there is huge legislative pressure to fund News and Sports (specifically of national interest) which are not profitable. This creates significant pressure on the SABC's cash flows in the long run. Negotiations with the Department of Communications and Digital Technologies will continue to secure fiscal support for the cost incurred on delivering on the public mandate.

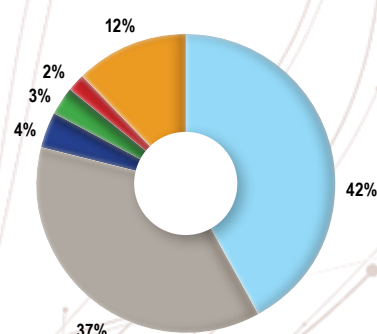
Below is the approved government grant allocation for the MTEF period:

	Budget	Estimates	
	2022/23	2023/24	2024/25
Channel Africa	63,399	66,886	69,371
Public Broadcaster	127,424	134,432	139,429
Programme Productions	14,940	15,761	16,337
Total grant allocation	205,763	217,079	225,137

The Channel Africa allocation is only sufficient to meet channel running costs and do not cover head office administrative costs. The estimated shortfall is approximately R20m per annum. The funding received further falls short of investment required to reposition and rejuvenate the channel. Channel Africa requires new content, and relevant technological access to signal distribution across multiple platforms particularly since it is currently only broadcasting online and its short-wave transmission network has been discontinued.

Expenditure

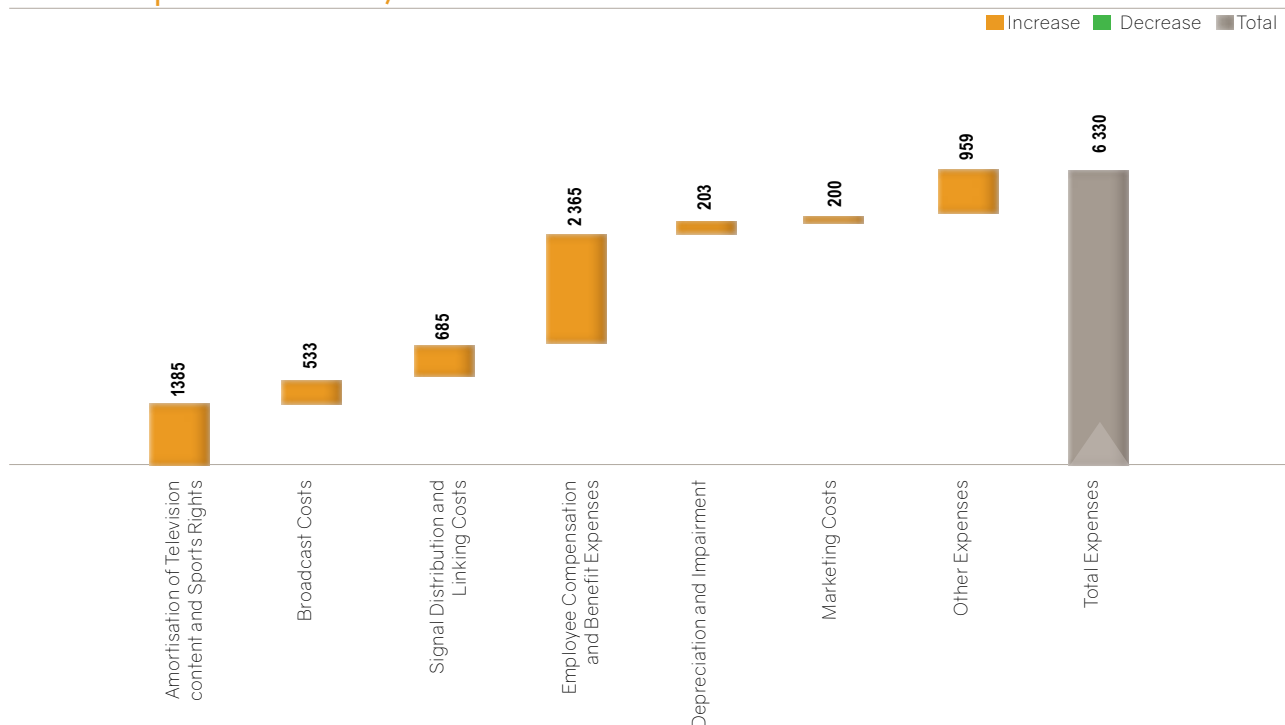
GRAPH: Expense Composition 2022/23



Content and broadcast
Employee
Amortisation
Marketing
Revenue collection
Other operating costs

The SABC expends 41% of its costs on acquiring content and the associated broadcasting and transmission costs. This used to average 38% over the last three years indicating budgeted increased investment in content. Employee costs are budgeted at R2.4bn for financial year 2022/23 at 37% of total costs compared to an average of 43% over the past three years. This is evidence of the efficiencies achieved from introduction of the new operating model. Marketing spend is budgeted at 3% of total revenues, this has previously been around 1% of total revenues. There is a more coordinated effort now than before to execute on the marketing plan to support the turnaround initiatives.

GRAPH: Expenses for FY2022/23 R'000



The SABC is budgeting to incur total expenditure of R6.3 billion for the financial year 2022/23 which amounts to a 15% (R848m) increase from the previous year's forecast. The main driver of this increase is due to significant increases in investment in content (R95m), marketing costs (R156m), broadcasting costs driven by royalties for increased sales (R194m) and increase in employee costs of R120m as vacancies are filled.

The key focus over the MTEF period will be to:

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

The SABC is not planning an increase benefit paid to its employees for a third year running. To retain staff and improve morale, a self-funded incentive scheme has been approved with an effective implementation date of 1 April 2022 with first assessment of the performance that of the financial year 2022/23. The scheme will only be paid if the SABC makes a profit and will remain profitable after settling the performance incentive obligations. Specific approval of the scheme will be requested from governance bodies if performance targets are met. The budget estimates a salary increase from the financial year 2023/24 of CPI plus 2%.

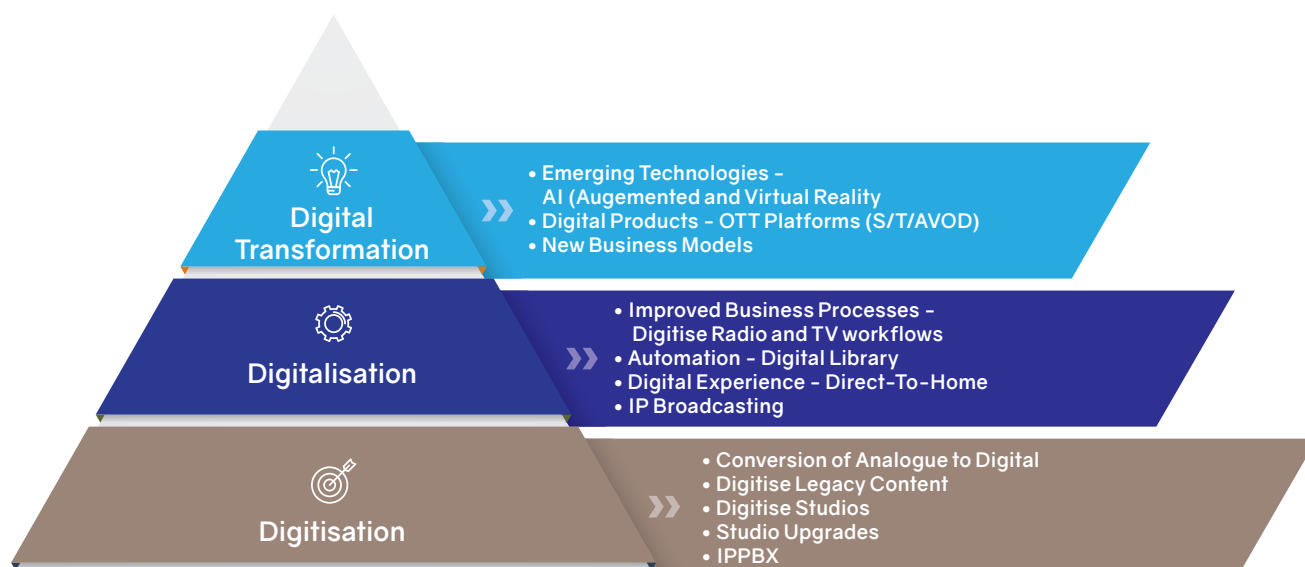
Taxation

The SABC has an estimated R2,4 billion assessed loss that will be used in the future against taxable profits. For the MTEF period, the income taxation expense has therefore not been budgeted for. It is anticipated that if the sale of non-core properties is not finalised in the financial year 2021/22, some Capital Gains Tax may be paid in the financial year 2022/23 amounting to R13.5m.

Long Term Capex Plan

Projects	Budget	Estimates	
	FY 22/23	FY 23/24	FY 24/25
TV Broadcast Resources - Outside Broadcast	86,466	53,012	-
TV Broadcast Resources – TV Media	238,362	94,241	-
Radio and Regional Resources	65,850	112,248	-
Business Information Technology	134,296	-	-
Technology Management	108,529	65,353	-
Logistical Services	222,348	287,194	14,000
Other Divisions	2,576	-	-
Minor Capital	20,000	30,000	30,000
Approved Budgeted Projects	878,426	642,049	44,000
Still to be approved projects	1,117,231	1,540,661	1,490,340
Total Capex Plan	1,995,657	2,182,710	1,534,340

Capital expenditure to be funded from the remaining Bail-out funds for the financial year 2022/23 is budgeted at R518m. Below are the key projects that the SABC budgets to execute during the financial year 2022/23:



Balance Sheet

	2023	2024	2025
Non-current Assets			
Property and Equipment (including investment property)	2 066 538	2 220 250	2 108 184
Defined Benefits	1 796 473	1 796 473	1 796 473
Other (Sanlam shares and NCAHFS)	-	-	-
Total non-current liabilities	3 863 011	4 016 723	3 904 657
Current Assets			
Cash	609 921	679 723	1 364 869
Accounts Receivable	807 160	891 526	957 218
Deferred income - Contract Assets	-	-	-
Programme, Film and Sports rights	623 067	626 693	668 594
Prepayments	93 460	94 004	100 289
Inventories	4 250	4 250	4 250
Total current assets	2 137 857	2 296 196	3 095 219
Total Assets	6 000 868	6 312 920	6 999 877
Liabilities			
Employee benefits	1 422 083	1 520 083	1 624 083
Perpetual Debt - Government Instrument	-	-	-
Leases			
Loans & Borrowings	95 305	74 080	51 209
Deferred Govt Grant	359 784	318 033	272 829
Accounts Payables	629 051	691 235	675 229
Payroll related Payables	203 726	216 968	231 071
Provisions	320 848	382 803	412 472
VAT and other non-payroll taxes	85 853	102 431	110 370
Other	3 116 649	3 305 634	3 377 262
Shareholder's Equity			
Equity Capital	3 200 001	3 200 001	3 200 001
Retained Earnings	(315 782)	(192 715)	422 614
Shareholder's Equity	2 884 219	3 007 286	3 622 615
Total Liabilities and Shareholder's Equity	6 000 868	6 312 920	6 999 877

Ratios	Forecasts FY 22/23	Estimate FY 23/24	Estimate FY 24/25
Debtors' collection days	51	56	50
Creditors' payment days	60	60	60

Cash Flow

	2023	2024	2025
Cash Collections from Customers	5 383 766	6 423 358	6 921 189
Collections from TV Licences	918 270	936 635	964 734
Payments to employees	(2 365 118)	(2 599 114)	(2 693 790)
Payments to suppliers	(4 201 177)	(4 584 816)	(4 723 514)
Cash from Operations	(264 259)	176 064	468 620
Net Finance income	38 518	40 327	55 291
Finance expenses	-	-	-
Tax - CGT on disposals	-	-	-
	(225 740)	216 391	523 910
Investing Cash Flow			
Disposal of properties	83 000	-	-
Disposal of Sanlam shares	-	-	-
Investments in Property and Equipment	(457 049)	(344 000)	(36 715)
Cash from Investing	(374 049)	(344 000)	(36 715)
Financing Cash Flow			
Government grants (Treasury actuals)	216 082	218 636	220 822
Vehicle Fleet funding	115 000		
Repayment of loans and other liabilities	(19 695)	(21 224)	(22 872)
Cash from Financing	311 387	197 412	197 950
Net Increase (decrease) in Cash	(288 402)	69 802	685 146
Opening Cash Balance	898 323	609 921	679 723
Closing Cash Balance	609 921	679 723	1 364 869

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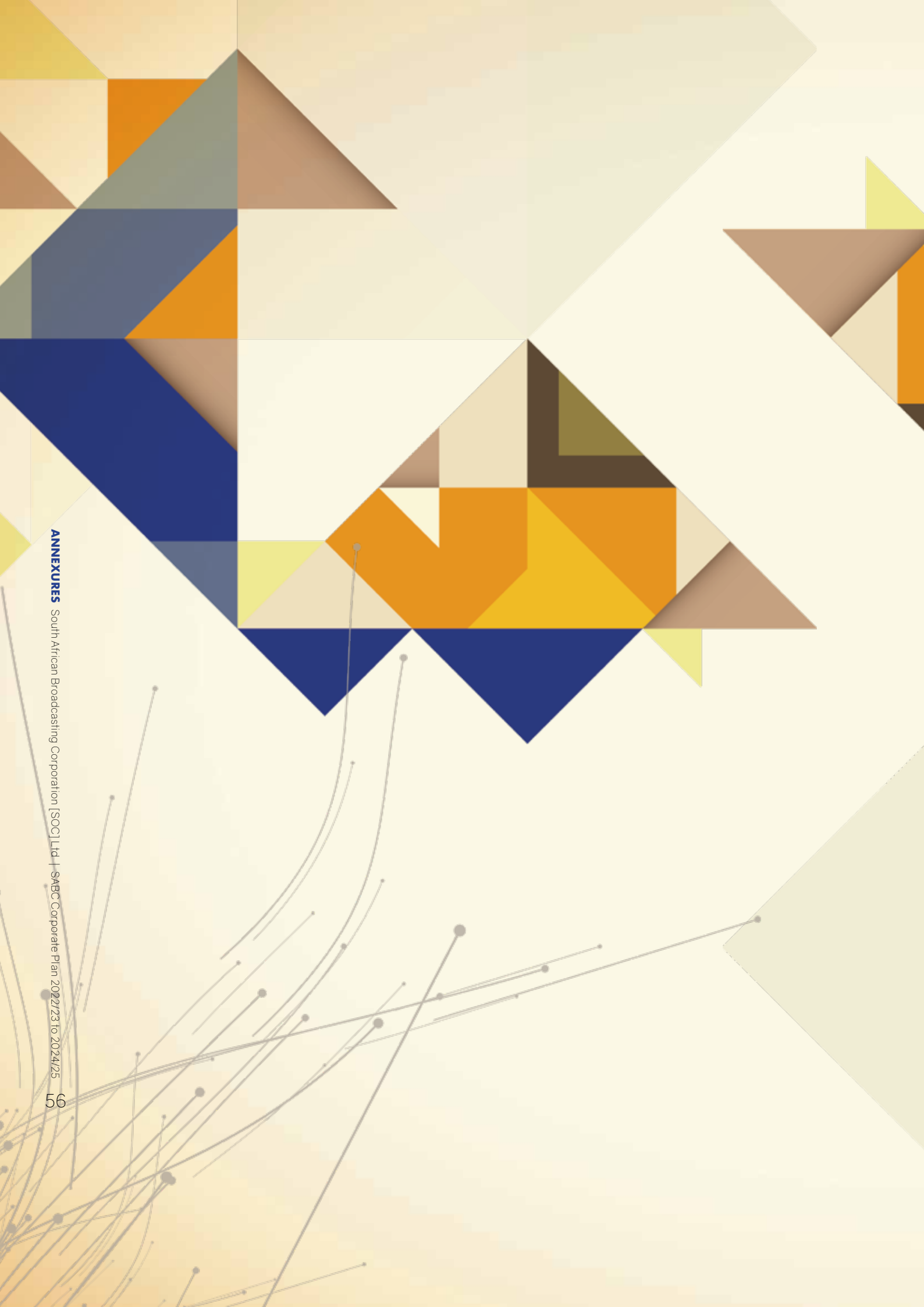
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ANNEXURE A

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Borrowing Plan

The SABC currently has over R1bn of the Bailout fund remaining, which is still to be spent. The high cost of funding in the current market necessitates that borrowing must be sought when necessary and when spending of the borrowed funds is guaranteed. The Corporation will continue to engage with financial institutions and other funders in the market to ensure that when the need arises for borrowing, the relationships will have already been established and maintained. Treasury will monitor the rate of the planned project execution to ensure that the funds are indeed required, and only then will the SABC treasury concretise any borrowing plan. At present, it is unlikely that SABC will need to borrow funds. SABC will maintain the Receivable Finance Facility for working capital needs at R100m, in case a need to utilise it arises.

ANNEXURE B

ANNEXURE B

ANNEXURE B

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Risk Management Framework

1. Introduction

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

The SABC is committed to the optimal management of risk in order to achieve its vision, strategy and objectives and protect its core values. The Board is committed to ensuring that the Corporation's values are aligned to promote greater risk accountability and awareness by ensuring that risk is managed effectively through an on-going process of identifying, evaluating and treating. To assist with this requirement, the Enterprise Risk Management Policy (ERMP), and Enterprise Risk Management Framework (ERMF) are aligned to the following:

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

All divisions, provinces, subsidiaries, processes and projects are subject to the requirements of the ERMP, ERMF and Risk Management Strategy. Effective implementation of risk management is imperative to the SABC in terms of its risk profile. The realisation of the SABC strategy is dependent on the Corporation being able to take calculated risks in a manner that does not jeopardise the direct interests of stakeholders. An enterprise-wide approach to risk management has been adopted by the SABC, which means that every strategic and operational risk across the Corporation as a whole is included in a structured and systematic process of risk management. Risk management is about structured and coordinated activities that direct and control the Corporation with regard to risks. All corporate strategic and operational risks are managed within a unitary framework that is aligned to the SABC's corporate governance responsibilities.

The benefits of this practical Risk Management Framework that can be applied across all parts of the SABC. It includes:

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

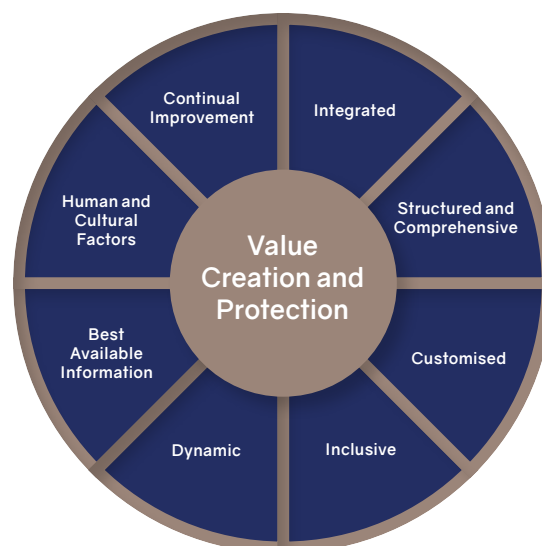
2. Purpose

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

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

3. An Effective Enterprise Risk Management System

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



Source: ISO 31000

In order to be effective, the Corporation adheres to the following principles outlined in ISO31000:

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

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

This will help the Corporation to:

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

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

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

4. Risk Management Framework Components



Source: ISO: 31000: 2018

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

4.1. LEADERSHIP AND COMMITMENT

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

- Customising and implementing all components of this framework.

4.2. INTERGRATION

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

4.3. DESIGN

► CONTEXT

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

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

► RISK MANAGEMENT COMMITMENT

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

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► RISK MANAGEMENT COMMITMENT

EXCO and the Board demonstrate and articulate their continual commitment to risk management through a policy, a statement or

other forms that clearly convey the organisation's objectives and commitment to risk management. The commitment includes:

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

► ALLOCATING RESOURCES

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

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

► COMMUNICATION AND CONSULTATION

The SABC has established an approved approach to communicate and consult, in order to support the framework and facilitate effective implementation of risk management. Participants in the consultation process should provide feedback with the expectation that it will contribute and shape decisions and other activities. Communication and consultation should be performed timeously and relevant information should be collected, collated, synthesised and shared.

4.4. IMPLEMENTATION

The Corporation implements the risk management framework by:

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

4.5. EVALUATION

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

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

4.6. IMPROVEMENT

► ADAPTING

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

► CONTINUALLY IMPROVING

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

5. Alignment of Risk to Strategic Objectives

The SABC has adopted an objectives-based risk management approach, which ensures the identified risks are linked to key objectives. With an objectives-based risk management approach, SABC will identify, assess and respond to risk based on the appetite to achieve the objectives. The risk management processes, including the effectiveness of responses and the completion of actions, are being monitored by management to ensure they continue to operate effectively. Risks, responses and actions are properly classified and are reported properly.

5.1 STRATEGIC RISK

Within the SABC mandate are inherent risks that the SABC is always exposed to. These risks are largely affected by the SABC's approved Corporate Plan.

Risk Name	Description	Inherent Value
OBJECTIVE: Offer a Competitive and Innovative Multi-channel Portfolio		
Content Risk	Lack of financial investment in content acquisition.	EXTREME
OBJECTIVE: A Financially Sustainable Organisation		
Financial Sustainability	Inability to generate revenue and manage expenditure. Exposure to working capital deficiency.	EXTREME
OBJECTIVE: SABC Everywhere for Everyone		
Technology and Infrastructure Risk	Delays in implementing digital infrastructure projects.	EXTREME
OBJECTIVE: Ensure Business Continuity		
Business Disruption	Threats event that disrupts SABC operations.	EXTREME
OBJECTIVE: A Competent, Dynamic Workforce that is Fit for Purpose		
People Risk	Inability to recruit and retain a competent and dynamic workforce.	EXTREME
OBJECTIVE: Promote and Protect the SABC Brands		
Brand and Reputational Risk	Events that affect the SABC negatively.	EXTREME
OBJECTIVE: Compliant Governance Practices, Risk Management and Sound Internal Control		
Governance Risk	Improper governance practices.	EXTREME

6 Risk Assessment Criteria

LIKELIHOOD ASSESSMENT:

Rating	Probability Level	Measurement	Description
5	Almost certain	>81-100	Certain to happen sometime in the next 12 months.
4	Likely	>61-80	Highly likely to happen sometime in the next 3 years. OR The event has occurred more than once in the past at SABC / similar organisations.
3	Possible	>36-60	Possible that it will occur at some time in the future. The incident has occurred once within SABC / similar organisations.
2	Unlikely	>11-35	Unlikely to occur at any time in the future.
1	Rare	≤10	Highly unlikely to occur at any time in the foreseeable future. Theoretically possible, but not expected to occur.

IMPACT ASSESSMENT

Rating	Impact Level	Impact Description
5	Extreme	A disaster with the potential to lead to a collapse of the business and which is fundamental to the achievement of objectives.
4	Major	A major event that can be endured, but which may have a prolonged negative impact and extensive consequences.
3	High	A severe event that can be managed, but which require additional resources and management effort.
2	Moderate	An event that can be managed under normal operating conditions.
1	Negligible	Not worth worrying about because the effect is minimal.

CONTROL EFFECTIVE ASSESSMENT

Level	Description	Factor
Very good	Controls are totally effective and efficient, totally implemented, and operating as intended.	0.100
Good	Controls are in place but there are minor deficiencies.	0.80
Satisfactory	Controls are in place but there are considerable deficiencies.	0.60
Weak	Controls are in place but there are major deficiencies.	0.40
Unsatisfactory	The controls are not adequate or effective.	0.20

RISK MATRIX

IMPACT	Extreme					
	Major					
	High					
	Moderate					
	Negligible					
		Rare	Unlikely	Possible	Likely	Almost Certain
PROBABILITY						

7. Risk Tolerance and Acceptability

SABC's strategic and operational risks cannot be eliminated entirely, as all strategic and operational activities involve risk. The SABC should develop a Risk Tolerance and Acceptable Risk Matrix Framework that will guide it regarding the level of risk that the organisation is willing to accept, even if it is express qualitatively or quantitatively. The SABC should assign different risk tolerance levels to different types of risks.

8. Threatening and Accepting Risks

Risk Response	Risk Response Description
Avoidance	Terminate the risk by doing things differently and thus removing the risk, where it is feasible to do so.
Transference	Moving the impact (and ownership) of the risk to a third party, via for instance an insurance policy or an outsourcing service.
Acceptance	Tolerate the risk, perhaps because nothing can be done at a reasonable cost to mitigate it or the likelihood and impact of the risk are at an acceptable level.
Mitigate (Threat)	Take action to control the risk in some way where the action either reduces the likelihood of the risk developing or limits the impact.

APPENDIX - Risk Definitions

Term	Definition
Consequence	Outcome or impact of an event.
Cost of risk	Cost associated with: <ul style="list-style-type: none"> • Insurance premiums • Self-retained losses (incurred loss) • Uninsured losses • Risk control expenses, including safety, security, property conservation, quality control programmes, etc. • Maintenance • Technology / machinery breakdown • Consulting charges • Training • Environmental cost • Administrative costs (internal and external), including risk management department, internal claims by staff, fees paid to brokers, risk management consultants, outside claims and loss control services.
Crisis	An actual event, which has a significant impact on the SABC's people, business viability, reputation or image, legal or financial responsibilities or ability to operate.
Crisis management	<ul style="list-style-type: none"> • A process by which an organisation manages the wider impact of any incident until it is either under control or contained without impacting the organisation or until the business continuity plan is invoked. • Crisis management is a comprehensive system that links the components of incident management, disaster recovery, emergency response and contingency plans between operational teams, through country and regional teams, with the corporate crisis management team..
ERM	A formal response to risk, which outlines every conceivable type of risk in every part of the organisation. It is a structured and consistent approach used across the SABC that aligns strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks (threats and opportunities) that SABC faces to create stakeholder value. It is therefore based on choices made under conditions of uncertainty, bound by acceptable levels of risk, designed to sustain / maximise shareholder value.
Event	Occurrence of a particular set of circumstances: <ul style="list-style-type: none"> • The event can be certain or uncertain. • The event can be a single occurrence or a series of occurrences. • The probability associated with the event can be estimated for a given period.
Frequency	A measure of the number of occurrences per unit of time.
Hazard	A source of potential harm or exposure to danger.
Incident	An undesired event as a result of at risk behaviour, or high-risk conditions, without resulting in loss, but there is the potential for loss.
Inherent Risk	The measure of the probability of occurrence and the impact of the outcome, prior to consideration of control measures.
Key Risks	Risks perceived to be the most significant. Typically, these would be 'red' and 'orange' risks after treatment, as defined by the risk matrix and which are above the Corporation's risk acceptance threshold.
Key Risk Indicators	A measure used by management to indicate how risky an activity is. It could also be expressed as a quantitative measure of both the financial and non-financial performance objectives of the business.
Monitor	To check, supervise, observe, analyse or measure the progress of an activity, action or treatment on a regular basis, in order to determine if the desired or expected results are being obtained.
Opportunity	An 'upside' or 'positive' risk, which is an uncertain, beneficial event or condition that will result in a favourable outcome should it occur.
Probability	The extent to which an event is likely to occur. Frequency (the probability of an event occurring at intervals) rather than probability (the relatively likelihood of an event happening) can be used in describing risk.
Process	A structured set of activities within an organisation that are designed to produce a specified output.

Residual risk	The measure of inherent risk and consideration of control effectiveness, i.e. the risk level that remains after current controls are taken into consideration.
Rewarded risks	Risks that are deliberately taken to benefit from the potential upside (e.g. investing in a new market, product, service or business model).
Risk	<p>An uncertain future event that threatens the achievement of the strategic and business objectives of the organisation. Risk encompasses:</p> <ul style="list-style-type: none"> • The possibility of good things not happening (opportunity risk). • The threat of bad things happening (risk as a hazard). • The potential that actual results will not equal anticipated outcomes (risk as an uncertainty). <p>Risk includes the possibility of economic and financial loss or gain, as well as injury or death, physical damage, environmental harm, business interruption and reputational concerns.</p> <p>Risk has the following primary elements:</p> <ul style="list-style-type: none"> • The probability of something happening or not happening. • The impact of it happening or not happening.
Risk acceptance	A decision to accept a risk as the risk impact is negligible or the cost of control is greater than the cost of the risk.
Risk analysis	Risk analysis is a process that is used to understand the nature, source and cause of the risks that have been identified and estimate the level of risk. It is also used to study the consequences of risk that can materialise and to examine the controls that currently exist. This means understanding the cause and effect of risks across different divisions of the SABC, and understanding the root cause of risks and those factors that will contribute to a risk occurring.
Risk appetite	The level of risk that the SABC is prepared to tolerate, or the amount of risk the Corporation is willing to accept in alignment with the strategic objectives and to maximise value to the business.
Risk assessment	<p>The overall process of risk identification, risk quantification and risk evaluation in order to identify potential opportunities or minimise loss.</p> <p>The risk assessment process considers risks that are significant to the achievement of the company's objectives. This is a continuous process that requires regular review as and when internal and external changes influence the organisation's strategies and objectives.</p>
Risk avoidance	A decision to either not be involved or to withdraw from a risk situation. The decision may be taken based upon the result of risk evaluation.
Risk-bearing capacity	<p>This is a prediction of the Corporation's ability to endure losses and the effect that such losses could have on the group's value or its ability to continue with its activities.</p> <p>It is a monetary value that is used as a yardstick to measure the maximum loss that the Corporation can endure, without exposing it to the point at which its existence and survival is under threat, given an equivalent loss.</p>
Risk categories	<p>Grouping risks with similar characteristics is done to establish the SABC's risk portfolio (see risk portfolio). Ultimately determined by the SABC, the characteristics used to define risk categories typically reflect the SABC's business model, industry or other factors that drive risk within the organisation.</p> <p>Also, the terms of reference by which the significance of risk is assessed.</p> <p>The risk criteria / classification is based upon the magnitude of the potential impact on the Corporation's values and the likelihood of that impact materialising.</p>
Risk communication	Sharing information about risk between the decision-maker and other stakeholders. The information can relate to the existence, nature, form, probability, severity, acceptability, treatment or other aspects of risk.
Risk control	Action taken to minimise inherent risk to an acceptable level of residual risk.

Risk control owner	risk control owner is a person accountable for managing an action that modifies risk. Control owners are accountable for carrying out the risk response plans that have been allocated to them and for reporting to the risk process owner on progress made.
Risk evaluation	Risk evaluation is a process that is used to compare risk analysis results with risk criteria, in order to determine whether a specified level of risk is acceptable or tolerable. The identified risks are mapped using their respective ratings in terms of impact and likelihood, expressed as a combination of these two components. The objective of the analysis is to prioritise and rank items in order of risk exposure and timely treatment.
Risk financing	Providing funds to meet the cost of implementing risk treatment and related costs. In some instances, risk financing refers to funding only the financial consequences related to risk.
Risk identification	Risk identification is a deliberate and systematic effort to identify and document the Corporation's key risks. The objective of risk identification is to understand what is at risk within the context of the Corporation's objectives, and to generate a comprehensive risk register based on the threats and events that might prevent, degrade, delay or enhance achievement of the objectives. Project risks should be identified for all major projects, covering the whole lifecycle. For long-term projects, the project risk register should be reviewed at least once a year to identify new and emerging risks.
Risk management	Enterprise risk management is a process effected by an entity's board of directors, management and other personnel, applied in a strategy setting across the enterprise, which is designed to identify potential events that may affect the entity and manage risk to be within its risk appetite, so as to provide reasonable assurance regarding the achievement of the entity's objectives. (COSO)
Risk management framework	A set of elements of an organisation's management system, which are concerned with managing risk.
Risk management process	The risk management process entails planning, arranging and controlling activities and resources to minimise the negative impact of all risks that can be tolerated by stakeholders whom the Board has identified as relevant to the business of the Corporation. It also entails optimising the opportunities or positive impacts of all risks. The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk management system	The overall integrated process that consists of two essential interrelated and overlapping, but conceptually distinct components – risk assessment and risk management.
Risk metrics	The structure of impact, and levels of probability and consequences chosen against which to measure risk.
Risk mitigation	The process of selecting and implementing measures to modify risk that encompass risk tolerance, risk treatment, risk transfer and risk termination.
Risk monitoring	Observations and measurements associated with tracking changes to risk levels. Monitoring enables appropriate interventions to be effected in good time to avoid undesirable consequences or to capitalise on desirable consequences.
Risk optimisation	Process related to a risk, to minimise the negative and to maximise the positive consequences and their respective probabilities.
Risk owner	The risk owner is the person accountable for managing a particular risk in his/her area. This person must ensure that risks are properly identified and evaluated, controls remain effective, risk response plans are implemented by task owners, risks are monitored and progress status is regularly reported upwards. In addition, he/she promotes a risk-aware culture, and reviews and signs off on risk assessments for Board reporting purposes. Types of risk owners are process, executive, operational, project and functional.

Risk perception	The way in which a stakeholder views risk based on a set of values or concerns. Risk perception depends upon the stakeholder's needs, issues and knowledge; therefore, it can differ from objective data.
Risk process owner	An Executive with primary accountability for advising on, formulating, overseeing and managing all aspects of the Corporation's risk management system. The Executive monitors the Corporation's entire risk profile, ensuring that key risks are identified and reported upwards.
Risk profile	Identification and listing of risks, typically in order of highest to lowest, based on a qualitative or quantitative assessment approved by management.
Risk reduction	Action taken to reduce the likelihood of negative consequences associated with a risk.
Risk register	A formal listing of: risks identified; the results of the risk analysis; risk evaluation procedures; details of risk controls; risk response plans consistent with the nature and scale of the risk.
Risk response	The measures taken to further treat the risk, in order to reduce the risk classification to an acceptable level. Also, the process of selection and implementation of measures to modify risk. Risk response measures include treating, avoiding, optimising, transferring or retaining threats, and exploiting, sharing, maximising or enhancing opportunities.
Risk retention	Accepting the potential burden of loss or benefit of gain, from a particular risk. It includes the acceptance of risks that have not been identified. It does not include treatments involving insurance or transfer by other means. There can be variability in the degree of acceptance and dependence on risk criteria.
Risk sharing	Sharing the burden of loss or benefit of gain from a particular risk with another party.
Risk source	An activity or something that has a potential consequence.
Risk strategy	The approach adopted for associating and managing risk based on the objectives and strategies of the enterprise.
Risk threshold	The level at which certain action is specified in terms of response, reporting, monitoring or additional analysis and planning.
Risk tolerance	Risk tolerance is the level and amount of risk that the SABC carries at a particular time, either deliberately or inadvertently, if there are unknown risks. The goal of risk management is to properly define and describe risk levels and, in particular, identify risks that are higher than the risk thresholds.
Risk tracking	Monitoring key risks over time to determine whether the level of risk is changing.
Risk transfer	Sharing the burden of loss or benefit of gain for a risk with another party. Risk transfer can be carried out through insurance or other agreements, and it can create new risks or modify existing risk.
Risk treatment (control)	An existing process, policy, device, practice or action that acts to minimise negative risk or enhance positive opportunities. It is also the process of selection and implementation of measures to modify risk.
Scenario Planning	Scenario analysis and stress scenarios are a critical part of understanding both future possibilities and the Corporation's ability to respond. Scenarios can be understood as being 'thought experiments' about the possible development of the future states of the world.
Severity	The terms of reference by which the significance of the risk is assessed. It is the magnitude of the impact on the business should the risk actually materialise.
Sensitivity analysis	A sensitivity analysis considers one variable at a time and the effect of change in that value.
Threat	A 'downside' or 'negative' risk or an uncertain adverse event or condition, which, if it occurs, will result in an unfavourable outcome.
Treatment assessment	The systematic review of processes to ensure that treatment is effective and appropriate.
Upside Risk	Also termed rewarded risk. These are risks that are deliberately taken to benefit from the potential upside, e.g. investing in new markets, products, services or business models. It also refers to the possibility of good things not happening (opportunity risk) due to management not implementing the correct measures.



Enterprise Risk Management Policy

1. Purpose

The Enterprise Risk Management Policy (ERMP) sets out the overall philosophy, principles, requirements and responsibilities for a sound approach to risk management at the SABC.

2. Risk Definitions

The Policy has been developed as part of good governance requirements and in response to Public Finance Management Act No. 1 of 1999, National Treasury Regulations, and King IV Report on Corporate Governance for South Africa™ and International Standard Organisation (ISO): 31000: 2018:

- **Section 51(1)(a)(i) of the Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999).** The PFMA prescribes that an accounting authority for a public entity must ensure that the public entity maintains effective, efficient and transparent systems of financial, risk management and internal control.
- **Treasury Regulation 27.2.1** states that an accounting authority must facilitate a risk assessment to determine the material risks to which the entity may be exposed and to evaluate the strategy for managing these risks. The strategy must be used to direct the internal audit effort and priorities, and to determine the skills required for managing these risks.
- **King IV Report on Corporate Governance for South Africa™ (King IV™)**, which is at the forefront of governance, entrenches the principles of sound risk management, and advocates the development of formalised risk management strategies aimed at supporting the Corporation in setting and achieving objectives, safeguarding stakeholder interests and maximising value.
- **International Standard Organisation (ISO): 31000: 2018.** ISO (the International Organisation for Standardisation) is a worldwide federation of national standards bodies (ISO member bodies). ISO states that managing risk is based on the principles, framework and process.

Risk refers to an uncertain events that could influence the achievement of the SABC's strategic and business objectives. Some risk factors also present opportunities, which management must be aware of and be prepared to exploit.

Risk management is an integral part of improved performance, growth and sustainable value creation. Furthermore, it creates the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the SABC.

ERM is a function that the SABC, as a corporation, needs to enhance its stakeholder value and meet the requirements of legislation, such as the PFMA, Treasury Regulations, governance codes and best practice, such as the King IV Report on Corporate Governance for South Africa™.

3. Accountability and Responsibility

The Minister at DCDT, as the Executive Authority, is accountable to Parliament in terms of the achievement of the goals and objectives of the SABC. In this context, the Executive Authority must take an interest in ERM to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place.

The **Accounting Authority (SABC Board)** is ultimately responsible for the governance of risk at the SABC. The Board approves the ERMP, framework and strategy for the Corporation and provides leadership and guidance for its implementation. The Board will evaluate and agree the Corporation's risk appetite and risk tolerance levels annually, to ensure the achievement of its objectives. The Board is accountable to the Executive Authority to form an opinion on the effectiveness of the risk management process.

Audit and Risk Committee (ARC) assists the Board in discharging its risk management responsibilities, which include overseeing the development of a risk management strategy to enable the SABC to mitigate its key risks and evaluate the status of risks facing the SABC.

The other Committees of the Board are responsible for monitoring the management of risks in their area of expertise and reporting on the outcomes to the Board.

Accounting Officer (Group Chief Executive Officer) (GCEO) is accountable to the Board for the identification of corporate strategic and operational risks, managing, implementing and monitoring the process of risk management. The GCEO is also responsible for embedding risk management into the day-to-day activities of the SABC to enhance the achievement of objectives. The GCEO is responsible for providing the Board with a balanced assessment of the corporate strategic and operational risks facing the SABC, and the status of the measures put in place to mitigate these risks.

Executive Management Committee (EXCO) is responsible for establishing a process of risk monitoring that may impact achievement of corporate strategic and operational objectives. EXCO must oversee the implementation of ERM at the SABC and set the tone for a risk management culture at the SABC. EXCO must report all strategic, operational and emerging risk events or exposure to the Board through the ARC on a timely basis.

Management must own the risks and therefore take accountability and responsibility for managing the SABC's risks. Effective risk management at the Corporation requires strong and sustained leadership, guidance, embracement, management buy-in and commitment.

The **Group Executive: Legal, Governance and Regulatory** is responsible for facilitating the risk management process and ensuring that the risk management framework is implemented throughout the Corporation. The GE: Legal, Governance and Regulatory is a custodian of the ERM Policy, Framework and Strategy.

The SABC's philosophy is that risk management is everyone's responsibility. This implies that risk management considerations must be part of every decision that is made, every objective that is set and every process that is designed. All SABC divisions and subsidiaries are required to implement and use the common ERM Framework and Strategy. Employees are expected to actively and proactively anticipate and manage risks, in order to take advantage of opportunities and mitigate risks in a continually changing environment.

4. Risk Governance

Risk governance applies the principles of good governance to the identification, assessment, management and communication of risk. It is a formal structure used to support risk-based decision making and oversight across all SABC operations.

EXCO and the Board ensure that the authority, responsibility and accountability for the various roles with respect to risk management are assigned and communicated to all levels of the corporation.

- Emphasise that risk management is a core responsibility.
- Identify individuals who have the accountability and authority to manage risk (risk owners).

► THE EXECUTIVE AUTHORITY

The Minister DCDT is the Executive Authority accountable to the legislature / Parliament / Council in terms of achieving the goals and objectives of the SABC. In this context, the Executive Authority should take an interest in ERM, to the extent necessary, to obtain comfort that properly established and functioning systems of risk management are in place and that the Board makes use of the risk management system to enable proactive decision making in a responsible manner.

► THE BOARD

The Board is ultimately responsible for governance and oversight of risk management activities within the SABC. Board responsibilities include:

- Approves the risk management policies, frameworks and strategies and provide leadership and guidance for implementation of these.
- Accountable to the Executive Authority to form an assurance on the effectiveness and efficiency of the risk management system.
- Approve the SABC's risk appetite and levels of risk tolerance.
- Promote a risk management culture and reinforce the commitment to sound risk management policies, practices, standards, models and techniques.
- Ensure that risk management is part of the business strategy and planning process.
- Ensure that risk assessments are performed at the SABC.
- Ensure that all Board Committees are accountable for the oversight of risks within their respective areas of responsibility.

► THE AUDIT AND RISK COMMITTEE (ARC)

The ARC assists the Board to discharge risk management responsibilities, which include:

- Ensure the effectiveness and efficiency of the risk management process and system.
- Overseeing the development of a documented risk management strategy to enable the SABC to mitigate its risks.
- Assisting the Board to regularly evaluate the status of strategic, operational and project risk facing the SABC.
- Assist in determination of the SABC's risk appetite levels.
- Ensure appropriate Risk Management Instruments are prepared and presented to the Board for approval.

► THE GROUP CHIEF EXECUTIVE OFFICER (GCEO)

The GCEO is responsible for:

- Setting the tone for effective risk management throughout the Corporation.
- Designing, implementing and maintaining an effective risk management process and system.
- Implementing a process to report and monitor the key risks and the risk management process.
- Ensuring that reliable risk reporting to the Board takes place on a regular basis.

► THE GROUP EXECUTIVE COMMITTEE (EXCO)

EXCO's responsibilities include the following:

- Oversee the implementation of ERM at the SABC and assist in setting the tone for the risk culture at the SABC.
- Report all significant risk events or exposure timeously to the Board through the ARC.
- Accountable for the day-to-day management of the SABC's risks and risk treatments implemented to mitigate such risks.
- Embed risk management into the day-to-day activities of the SABC to enhance the achievement of its objectives.

► ERM DEPARTMENT

The complexity of the business environment and rapid changes in the marketplace requires for a stronger risk function and management. It is for this reason that the ERM department was established to assist the Board and GCEO through Legal, Governance

and Regulatory in implementing and maintaining a strong system of ERM and its responsibilities, which include:

- Providing guidance, advice and input pertaining to an effective risk management system.
- Assist divisions to identify strategic, operational and project emerging risks.
- Ensuring that the risk management policy, framework and strategy is developed implemented and communicated throughout the Corporation.
- Developing and implementing a variety of risk matrices, reporting templates and oversight of the computerised Risk Management System.
- Assisting the Board and GCEO with the risk maturity assessment and developing action plans to enhance the level of maturity, in conjunction with line management.

► THE RISK CHAMPION

The Risk Champion is a line management person with the skills, knowledge, leadership qualities and power of office required to champion risk management implementation, guidance and monitoring. The appointed Risk Champion is responsible for:

- Driving the implementation of the management action plans to address the identified risks.
- Informing the Risk Manager of emerging risks and significant changes in the identified risks.
- Co-operating with other role players in the risk management process and providing information as required.

► INTERNAL AUDIT

Internal Audit plays a key role in evaluating, monitoring and providing assurance on the process of ERM as per the International Standards for the Professional Practice of Internal Auditing published by the IIASA. The risk management and internal audit processes should be aligned for purposes of ensuring that:

- Internal Audit provides assurance on the adequacy of the control environment in minimising risk exposure.
- Internal Audit evaluates the effectiveness of the risk management process on a periodic basis.
- The internal audit plan is informed by the outcomes of the risk management process.

► COMBINED ASSURANCE

The objectives of the combined assurance are mainly to:

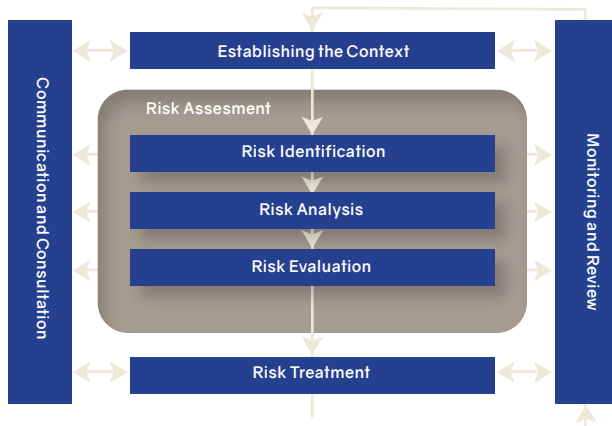
- Identify and specify the sources of assurance over the SABC risks.
- Provide the ARC, the GCEO and EXCO with a framework of the various assurance parties.
- Be a link between risk management activities and assurance activities. This will assist the GCEO to review the effectiveness of the risk management system.
- Provide a basis for identifying any areas of potential assurance gaps.

► SABC EMPLOYEES

It is the SABC's philosophy that risk management is everyone's responsibility. This implies that risk management considerations must be part of every decision that is made, every objective that is set and every process that is designed. All SABC divisions and Subsidiaries are required to implement and use the common Risk Management Framework and Strategy. They are expected to actively and proactively anticipate and manage their risks, to take advantage of opportunities and mitigate risks in a continuously changing environment.

5. Risk Management Process

The risk management process should be an integral part of management and decision-making, and should be integrated into the structure, operations and processes of the SABC. It is applied at strategic, operational and project levels. The risk management process adopted by the SABC is based on ISO 31000: 2018, as shown in the diagram below.



Source: ISO: 31000: 2018

5.1 COMMUNICATION AND CONSULTATION

Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making. The Corporation is encouraged to communicate and consult within and outside the Corporation, with the aim of achieving strategic and operational objectives with relevant stakeholders. Communication and consultation should be timely, factual, relevant and accurate, taking into account confidentiality, integrity and privacy of information. The aim of communication and consultation is to bring expertise together for step of risk management process, including risk mitigation.

5.2 ESTABLISHING THE CONTEXT

The external and internal context is the environment in which the SABC seeks to define and achieve its objectives. The context of the risk management process is established from an understanding of the external and internal environment in which the SABC operates and which should reflect the specific environment of the activity to which the risk management process is to be applied. Risk management takes place in the context of the objectives and activities of the SABC.

5.2.1 Risk Assessment

► RISK IDENTIFICATION

Risk identification is a deliberate and systematic effort to identify and document the corporation's strategic, operational and project risk. The objective of risk identification is to understand what is at risk within the context of the corporation's objectives and to generate a comprehensive risk register based on events that might prevent, degrade, delay or enhance the achievement of the associated objectives. The risk identification process should cover all risks, regardless of whether or not such risks are within the direct control of the corporation.

► RISK ANALYSIS

Risk analysis involves a detailed consideration of uncertainties, root causes, consequences, likelihood, and controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.

► RISK EVALUATION

The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of risk analysis with the

established risk criteria to determine where additional action is required. This can lead to a decision to:

- Do nothing further.
- Consider risk treatment options.
- Undertake further analysis to better understand the risk.
- Maintain existing controls.
- Reconsider the objectives.

5.3 RISK TREATMENT

Risk treatment is a risk mitigation process. It involves implementing one or more action plans. Treatment strategies for all risks need to be considered and a decision made whether to terminate, treat, transfer or tolerate the specific risk. A cost-benefit analysis of risk treatment needs to take place before documenting a risk treatment plan. Identification of risk owners, action required and due dates for implementing the actions needs to be documented and the effectiveness of current controls needs to be assessed.

5.4 MONITORING AND REVIEW

Monitoring and review takes place in all stages of the process. Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback. Ongoing monitoring and periodic review of the risk management process and its outcomes should be a planned part of the risk management process, with responsibilities being clearly defined. Management reports on the status of risks within their divisions, based on a review of the controls and mitigation of the risks.

6. Risk Intergration

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

7. Risk Category

The objective of the development of risk categories and terminology for the SABC is to ensure a consistent definition and understanding of risks throughout the Corporation. Risk categorisation is an integral part of the Enterprise Risk Management Policy, Framework and Strategy, which has the overall objective of ensuring appropriate management of all risks faced by the SABC, through appropriate risk management processes and tools. The overall risk categories are: Strategic; Operational; Project. These are defined and sub-divided below.

7.1 STRATEGIC RISKS

Strategic risks are top-level business risks that have the potential to impact the delivery of short, medium and long-term strategic goals. In other words, these are risks that have the potential to impact delivery of the SABC's turnaround strategy, and which are associated with the development of SABC's key objectives and the risk that SABC's future business plans and strategies may be inadequate to prevent financial loss or protect its financial position, or cause reputational damage.

7.2 GOVERNANCE RISKS

These are risks that relate to poor governance structures, improper leadership, unethical behaviour or conduct in connection with bribery, illegal payments, discrimination, pollution, etc., that could result in fines, penalties, reputational impact or changed stakeholder risks.

7.3 SUSTAINABILITY RISKS

These are risks that relate to the SABC's ability to meet the effects of changes in demographic and social economic trends, and to comply with social / environmental requirements. These risks could be impacted by stakeholder relations, community health management and the social impact of business, including risks

relating to the impact of the environment resulting from group practices, health and safety, corporate responsibility, etc.

7.4 STAKEHOLDER RISKS

These are risks that can impact a variety of people, customers, suppliers, organisations, institutions, government, trade unions, etc., who make up internal and external stakeholders, where relations and communication surrounding risk management and not meeting stakeholder expectations. These could result in damage to the SABC's reputation, if not managed properly.

7.5 CLIENTS

These are risks associated with inability to meet the changing needs of SABC clients on a sustainable basis.

7.6 PRODUCT TECHNOLOGY AND INNOVATION RISK

These risks relate to outdated or obsolete technology and products, and a lack of ongoing innovation that prevents the SABC from staying abreast of the latest developments that enhance all aspects of service delivery and outreach in an economical and efficient manner.

7.7 COMMUNICATION RISKS

These risks result from ineffective or improper communication towards internal and external stakeholders on a variety of matters in a structured and timorous manner.

7.8 OPERATIONAL RISKS

Operational risks are risks faced in the day-to-day delivery of the SABC's products and services and the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. These risks inform the Corporation's business planning and budgeting processes.

7.9 SUPPLY CHAIN RISK

This is the risk of inadequate selection or engagement processes for suppliers, defaulting reinsurers or their sub-optimal performance. This could include internal or external fraud and collusion risks.

7.10 COMPLIANCE RISK

This relates to failure to prevent, detect or promptly correct contraventions of applicable laws, regulatory, policies and other statutory provisions, as well as changes in the regulatory environment. Risk of ensuring that actions are legal and within the scope of relevant legislation and internal policies that govern the operations of the SABC.

7.11 INFORMATION TECHNOLOGY

These risks relate to information technology performance that impacts business performance, processes and systems, and the ability to deal with technological changes and the use of technology to address changing demands or business and financial enhancements. Included here are security breaches, misuse of group systems resulting in system disruption, information confidentiality and integrity of information.

7.12 LEGAL RISK

This relates to contravention of or failure to prevent, detect or promptly correct contraventions of the terms and provisions of contractual agreements (e.g. common law and other statutory provisions) and related documents entered into with clients, counter parties, suppliers, staff and others. The possibility that the contracts SABC enters into with its clients will not be enforceable, especially with respect to events of detail by a client / counterparty, and the failure to understand or effectively apply legal and regulatory principles and practices.

7.13 HUMAN RESOURCE RISK

This relates to risks arising from inadequate human resource practise, policies and processes, which lead to inability to attract, recruit, develop and retain competent staff who perform as

per expectations to achieve the Corporation's objectives. This includes risks pertaining to staff performance, and safety and security hazards.

7.14 EXTERNAL RISK

These are risks that are not directly under the SABC's control, but which may have an impact on the achievement of the SABC's strategic and operational objectives.

7.15 FINANCIAL RISKS

Financial risks are risks associated with ensuring good financial governance at the SABC, and the risk of inadequate cash flow to meet financial obligations or to accurately account for financial transactions. These are risks that have the potential to affect the Corporation's financial viability.

7.16 MARKET/INVESTMENT RISK

This is the risk of an adverse financial impact arising from changes in fair value or future cash flows of financial instruments, due to fluctuation in asset prices. Market risk also incorporates the risk of adverse financial impact due to the assets not matching the corresponding liabilities in nature, term or currency. Market risk incorporates systematic risk (market risk on all investments) and specific market risk (specific risk on each investment).

7.17 CURRENCY RISK

This is the risk of an adverse financial impact due to unexpected movement in the exchange rates.

7.18 EQUITY RISK

This is the risk of adverse financial impact due to the actual market value of equities or income from equities deviating from their expected value.

7.19 INTEREST RATE RISK

This is the risk of an adverse financial impact due to real and nominal future interest rates deviating from the expected real and nominal future interest rates.

7.20 INSURANCE RISK

This is the risk of financial loss because of inadequate insurance of assets or other insurance risks.

7.21 CREDIT/COUNTERPARTY RISK

This is the risk of adverse financial impact to the Corporation due to failure to meet contractual debt obligations by counter parties.

7.22 LIQUIDITY RISK

Liquidity risk is not being able to settle liability obligations or prevent or minimise a loss, because of insufficient funds or investments that are not marketable and therefore cannot be realised in the short-term. The risk of the Corporation not having sufficient cash to meet its financial obligations (e.g. claims settlement).

7.23 FRAUD AND CORRUPTION RISKS

Fraud and corruption related risks should be assessed to assist the business to identify areas that may expose it to unlawful conduct, i.e. fraud, corruption, theft or maladministration, etc. Assessment of these risks should be in line with the SABC Anti-Fraud and Corruption Policy and Strategy to prevent any instances of fraud, corruption, theft and maladministration from taking place, whether deliberately or in good faith. This function is conducted by SABC Forensics, including the awareness and education aspects.

8. Risk Registers

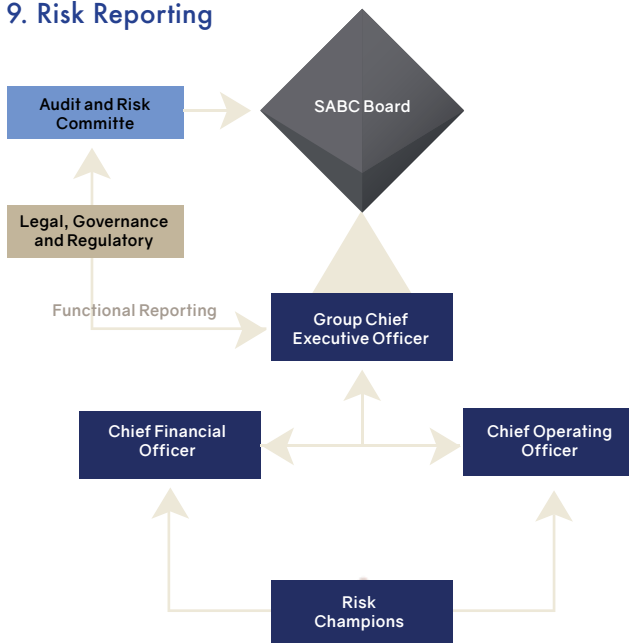
The risk register is document or system that the SABC uses to report captured risks. Through the Enterprise Risk Management Information System these reports are generated seamlessly. Risk probability assessment and impact scales are documented in the risk register, along with risk mitigation and ownership.





Leadership engaging staff on COVID-19 interventions.

9. Risk Reporting



- Board and senior management is required to have a good understanding of the SABC's risk management philosophy, and whether or not there is a uniform understanding between senior management and the board of directors regarding risk appetite, roles and responsibilities for risk management, and ongoing oversight and monitoring.
- ERM is most effective when performance expectations are clearly defined, communicated and integrated into performance agreements. To ensure that accountability and responsibility is built into the ERM Framework, it is important that all SABC personnel understand their roles and responsibilities regarding risk management, as they are the owners of the risks and systems of internal control within their working environment.
- The Risk Management Framework automatically allows accountability and responsibility to implement risk management.
- Monitoring within the reporting framework allows continuous accountability for those risks identified. Alignment of the risk management process to strategic planning, business plans and budgets should be affected.
- The diagram above shows the communication lines and structure for the risk management process at the SABC. The risk management function is a distinct business management function of the Legal, Governance and Regulatory Division, which is set up as an advisory service to the Board, senior and

line management regarding implementation, management and control of the ERM system at the SABC. This division reports functionally to the ARC and has an administrative reporting line to the Group Executive Committee chaired by the GCEO.

10. Risk Appetite

Risk appetite is defined as the extent of the willingness to take risks in the pursuit of the SABC's objectives.

The SABC may consider risk appetite qualitatively, with such categories as high, moderate or low, or it may take a quantitative approach that reflects and balances goals for capital expenditure, budgets and risk.

Management considers its risk appetite as it aligns its resources and designs infrastructure necessary to effectively respond to and monitor risks.

Risk appetite enables an improved consistency of decision making at all levels, through improving risk understanding. It:

- Provides a framework for knowingly taking risk within defined boundaries.
- Improves the ability of the ARC to challenge the recommendations made by management by providing a benchmark of what level of risk is defined as acceptable.
- Derives real value from the assessment of risk over and above compliance purposes.

The risk appetite decided upon should be formally considered as part of the process of setting the business strategy, with capital expenditure and other strategic decisions reviewed against it as they arise.

- The key determinants of risk appetite are as follows:

- Expected performance.
- The resources needed to support risk taking.
- The culture of the SABC.
- Management experience, along with risk and control management skills.
- Longer term strategic priorities.

Formulation of the risk appetite is typically closely aligned to the strategic planning process, including budgeting, and as such is something that should be reviewed by management annually.

11. Risk Management Performance

The SABC has to consider a risk maturity model that outlines key indicators and activities that drive the Risk Management Programme to a mature stage. Risk management performance assessment should be in line with current risk management practice, once the assessments are completed a performance score will be provided.

Enterprise Risk Management Strategy

1. Introduction

The SABC's Enterprise Risk Management (ERM) discipline is guided by the International Organisation of Standardisation, ISO 31000:2018 – Risk Management Principles and Guidelines on Implementation.

The SABC, through the establishment of the ERM Department within the Legal, Governance and Regulatory Division, intends to comply with legal and regulatory requirements, in order to ensure that an effective and efficient risk management system is in place, with the aim of managing risks and opportunities to achieve the identified corporate strategic objectives.

The SABC operates in an environment with inherent risks that have the potential to impede the achievement of its strategic objectives.

As a result, the Corporation has implemented risk management so as to direct the operations of the Corporation to achieve its corporate objectives and manage opportunities to its benefit. Risk management should be embedded in the daily operations of the Corporation. The culture of risk management must be promoted across the corporation at all levels of staff. Risk management must always be an agenda item in management meetings and decisions taken in such meetings must be risk-based.

The Board and EXCO should set the tone from the top by applying risk management principles through engagement on risk management reports and taking risk-based decisions. Risk management is the responsibility of everyone.

2. Legal and Regulatory Requirements

The establishment of the Enterprise Risk Management system in the corporation was mandated by the following legislation, regulations and governance report:

a) Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999)

Section 51(1)(a)(i): "An accounting authority of a public entity must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control;"

b) National Treasury Regulation

Section 27.2.1: "The accounting authority must ensure that risk assessment is conducted regularly so as to identify new and emerging risks in the organisation. The risk management strategy, which must include the Fraud Prevention Plan, must be used to direct internal audit effort and priority as well as determining the skill required of managers and staff to improve controls while managing risks."

c) King IV Report on Corporate Governance for South Africa, 2016

Principle 11: "The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives,"

d) Public Sector Risk Management Framework, 2010

Conceptual Context 5: "Given the strategic and operational planning frameworks prescribed by the Regulations for Public Service Institutions, risk identification and management processes within this context are informed by an analysis of the full spectrum of risk categories. In this regard, it is required from all public service managers to utilise risk management processes on a daily basis to ensure that stated objectives are achieved in terms of periods, quantity and quality (service standards)."

e) International Organisation for Standardisation (ISO: 31000: 2018) "ISO (the International Organisation for Standardisation) is a worldwide federation of national standards bodies (ISO member bodies). ISO states that managing risk is based on the principles, framework and process".

3. The Concept of Risk and Enterprise Risk Management

- The SABC defines risk as "an effect of uncertainty on objective. The uncertainty can be a threat or an opportunity."
- Risk management is "coordinated activities to direct and control an organisation with regard to risk".

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

4. Objectives of Risk Management

Risk management ensures that the organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision making through a good understanding of risks and their likely impact.

Risk management is a continuous and developing process that runs throughout the SABC's strategy and the implementation of that strategy, thereby addressing all risks methodically.

- The risk management objectives include the following:
 - Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the organisation.
 - Manage risk in accordance with best practice.
 - Anticipate and respond to changing social, environmental and legislative requirements.
 - Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
 - Prevent death, injury, damage and losses, and reduce the cost of risk.
 - Inform policy and operational decisions by identifying risks and their likely impact.
 - Raise awareness of the need for risk management by all those connected with the organisation's delivery of service.
- These objectives will be achieved by:
 - Clearly defining the roles, responsibilities and reporting lines within the organisation for risk management.
 - Including risk management issues when writing reports and considering decisions.
 - Continuing to demonstrate the application of risk management principles in the activities of the organisation, its employees and stakeholders.
 - Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
 - Maintaining a register of risks linked to the organisation's business, corporate and operational objectives, as well as risks linked to working in partnership.
 - Maintaining documented procedures of the control of risk and providing suitable information, training and supervision.
 - Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
 - Preparing contingency plans to secure business continuity where there is the potential for an event to have a major impact on the organisation's ability to function.
 - Monitor arrangements continually and seek continuous improvement.

5. Enterprise Risk Management Plan Of Action

The ERM plan of action is to improve the SABC risk management maturity.

REF	PLAN OF ACTION	RESPONSIBILITY	FREQUENCY
Oversight Responsibilities			
1	The ARC will review risk management progress at least quarterly.	Audit and Risk Committee Chairperson	Quarterly
2	EXCO will review risk management progress at least quarterly.	Group Chief Executive Officer	Quarterly
3	Risk management should be a standing agenda item for all EXCO meetings.	Executive Management	Monthly
Reporting Responsibilities			
4	EXCO will submit reports to the ARC that focus on the following: <ul style="list-style-type: none"> • Strategic risks • Progress made with risk treatment plans • Any new and emerging risks and risk developments, including incidents. 	Executive Management, Head Of Governance, Risk and Compliance	Quarterly
5	The ARC will include statements regarding risk management performance in the annual report to stakeholders.	Audit and Risk Committee Chairperson	Annually
6	The Head of Governance, Risk and Compliance is responsible for developing standard risk management reporting templates, and will collate risk management information for submission at all levels	Head of Governance, Risk and Compliance	As scheduled
Risk Assessment Responsibilities			
7	The Head of Governance, Risk and Compliance will ensure that a complete review of risk of business units is done at least once a year.	Head of Governance, Risk and Compliance Executive Management	Annually
8	All sub-committees will review their risk register at each meeting and update the register's contents to reflect any changes, without formally reassessing the risks.		As scheduled
9	The Head of Governance, Risk and Compliance is responsible for the facilitation of all risk assessments, and for populating the risk registers.	Head of Governance, Risk and Compliance, Executive Management	As scheduled
Project Risk Assessment			
10	Project risk assessment should be conducted to highlight the potential risks and action to be taken to mitigate the risks with every new project.	Head of Governance, Risk and Compliance, Project Manager, Risk Specialist	Per project
Risk Mitigating Responsibilities			
11	The Risk Management will report to the ARC regarding the performance of internal controls for the risks in the risk registers.	Head of Governance, Risk and Compliance	Quarterly

12	All risk registers will contain action plans to improve risk controls and risk interventions. All committees will review the progress made with these action plans.	Group Executive, Head of Governance, Risk and Compliance, Risk Specialist	As scheduled
Governance Responsibilities			
13	Each risk will have a risk owner, who will be responsible for the following: <ul style="list-style-type: none"> • Updating the risk information. • Providing assurance regarding risk controls. • Co-ordinating the implementation of action plans for the risk. • Reporting on any developments regarding the risk. 	Executive Management	As scheduled
14	The internal audit function will use the output of risk assessment to compile its strategic 3-year rolling and annual internal audit coverage plan, and will evaluate the effectiveness all of risk controls	Executive Management; Chief Audit Executive	Annually
15	Risk management will facilitate a review of the effectiveness of the risk management process.	Group Executive, Head of Governance, Risk and Compliance, Risk Specialist	Annually
16	The Fraud Prevention plan and Anti-Corruption plan will be implemented and monitored.	Head of Governance, Risk and Compliance,	Quarterly
18	A business continuity plan will be developed and tested annually to ensure continued maintenance.	Head of Governance, Risk and Compliance	Annually

6. Fraud Prevention Plan

Refer to the SABC Fraud and Corruption Strategy for the Fraud and Prevention Plan required by National Treasury Regulation, Section 27.2.1 to be included in this ERM Strategy Document.

7. References

- The King Report on Corporate Governance in South Africa 2017TM (King IV TM), published by the Institute of Directors in South Africa
- Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999)
- Public Sector Risk Management Framework, 2010
- ISO 31000 Risk Management Standard 2018
- The Enterprise Risk Management Policy 2020
- The Enterprise Risk Management Framework 2020.

Introduction

The SABC adopts a culture of integrity, openness, and fairness. The SABC Board of Directors, Group Executive Management, Senior Management, and employees at all levels should adopt the highest standard of honesty, propriety, personal integrity, and accountability and towards any fraud and corruption, theft, and maladministration behaviour.

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

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

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

Purpose

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

PART A: Fraud and Corruption Prevention Plan

PART B: Fraud and Corruption Response Plan

PART C: Regulatory Framework

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

- i. Basic Conditions of Employment Act, 75 of 1997
- ii. Companies Act, 71 of 2008
- iii. Broadcasting Act, 4 of 1999
- iv. Electronic Communication and Transmissions Act, 25 of 2002
- v. Labour Relations Act, 66 of 1995
- vi. Prevention and Combating of Corrupt Activities Act, 12 of 2004; and
- vii. Public Finance and Management Act, 1 of 1999.

PART A: Fraud and Corruption Prevention Plan

Purpose

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

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

ANNEXURE C

SABC Anti-Fraud and Corruption Strategy

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

Anti-Fraud and Corruption Approach

The approach in controlling fraud, corruption, theft, and maladministration is focused into three areas, namely:

- i. The Strategic approach.
- ii. The Operational approach; and
- iii. The Maintenance approach

Strategic Approach

The Strategic approach represents the actions to be undertaken to address fraud, corruption, theft, and maladministration at the strategic level.

Responsibilities for fraud and corruption risk management

The Board, Group Chief Executive Officer (GCEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), Group Executive: Legal, Governance and Regulatory, Chief Audit Executive and Management should:

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

Roles and Responsibilities

Board of Directors

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

Group Executive: Legal, Governance and Regulatory

The Group Executive: Legal, Governance and Regulatory has an overall responsibility for the SABC's response to fraud, corruption, theft, and maladministration. It is the responsibility of Group Executive: Legal, Governance and Regulatory in collaboration with the Chief Audit Executive, through Forensic Audit, to oversee the action taken to investigate any complaints that are fraudulent and/or corrupt in nature.

The Group Executive: Legal, Governance and Regulatory, as executive responsible for the Anti-Fraud & Corruption and Whistle-blowing policies, together with the Chief Audit Executive are the Group custodians of the overall anti-fraud and corruption strategy.

Chief Audit Executive

The Chief Audit Executive plays a vital role in the prevention and detection of fraud, corruption, theft, and maladministration. Included in their risk-based plans, inter alia, are reviews of system financial control measures, specific fraud and corruption tests, spot checks, unannounced visits, and the exchange of information and fraudulent and/or corrupt activities with external agencies such as the National Intelligence Agency (NIA) and the South African Police Services (SAPS). The implementation of this strategy shall compliment the overall function of Group Legal, Governance & Regulatory and Group Internal Audit to implement a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process. Chief Audit Executive shall investigate all cases of suspected irregularities in accordance with this Plan and consult with Group Executives to recommend changes in procedures to prevent further losses to the SABC.

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

Group Executives, Senior Managers and Managers

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

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

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

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

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

The management shall be supported by relevant services/structures within the SABC, such as the Group Executive: Legal, Governance and Regulatory, Chief Audit Executive including but not limited to other Governance Committees.

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

As soon as management suspects fraudulent, corrupt, theft and maladministration activities, they must in all instances seek advice from the Group Executive: Legal, Governance and Regulatory and Chief Audit Executive or report it to the Hotline before proceeding with any enquiries.

Governance, Risk and Compliance Committee

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

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

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

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

Board Audit and Risk Committee

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

Human Resources

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

Employees

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

Employees should ensure that they avoid situations where there is a potential for a conflict of interest. They have a responsibility to report suspicions of fraudulent and or corrupt activities to the Hotline or the Chief Audit Executive or to the Group Executive: Legal, Governance and Regulatory.

Legal Advisors

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

Assessment of Fraud and Corruption Risks

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

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

Employee Awareness

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

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

Operational Approach

Internal controls

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

All areas of operations require internal controls, for example:

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

GIA is responsible for developing and implementing a risk-based internal audit plan. GIA provides assurance on risk management, internal controls, and governance processes. GIA evaluates the internal controls and conclude on its adequacy and operational effectiveness. Corporate governance is the systems and processes an organisation has in place to protect and enhance the interests of its diverse stakeholder groups. This area posed a huge

challenge historically and as such internal auditors are taking a more holistic view of corporate governance and aligning internal audit skills and activities to assess, improve, and monitor the SABC's corporate governance capabilities.

Prevention Strategies

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

Employee Awareness Campaigns

As per section 2.1.3 above.

Conducting Fraud And Corruption Surveys

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

Pre-Employment and During Employment Screening

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

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

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

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

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

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

Level 2 – All cost centre owners, IT, and finance staff

- i. All Level 1 checks; and
- ii. Credit reference check.

Recruitment Procedures

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

Risk Based Internal Audit Plan

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

Fraud and Corruption Prevention Plan

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

Disclosure of Interests

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

Maintaining a Gift Register and Gift Policy

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

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

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

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

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

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

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

Detection Strategies

Detection of fraud and corruption may occur through:

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

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

Internal Audit

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

- i. Surprise audits: Ad-hoc audits conducted on specific business processes throughout the year;

- ii. Post-transaction reviews: A review of transactions after they have been processed and completed can be effective in identifying fraudulent or corrupt activity. In addition to the possibility of detecting fraudulent transactions, such a strategy can also have a significant fraud prevention effect as the threat of detection may be enough to deter a staff member who would otherwise be motivated to engage in fraud and corruption;

- iii. Forensic data analysis: The SABC's computer system is an important source of information on fraudulent and sometimes corrupt conduct. Software applications will be used during internal audits, surprise audits and post- transaction reviews to assist in detecting any fraud and corruption; and

- iv. Management accounting reporting review: Using straightforward techniques in analysing the SABC's management accounting reports, trends can be examined and investigated which may be indicative of fraudulent conduct. Some examples of the types of management accounting reports that can be utilised on a compare and contrast basis are:

- a. Budget reports for each business unit / section; and
- b. Reports highlighting unusual trends in bad or doubtful debts.

Remote working, macroeconomic shifts, and structural changes have heightened existing risks and created new ones, for example, relating to remote supervision and training. The audit function had to refocus on areas that may not have been considered high risk previously. Owing to the impact of the pandemic on work patterns, some audits necessitated additional rigor. Protocols for information security, for example, traditionally leverage technology controls to prevent improper access. GIA will continue to be a strategic partner of the SABC in ensuring enhance internal controls, robust risk assessments and strengthened governance processes.

External Audit

The SABC recognises that the external audit function is an important control in the detection of fraud. The Chief Financial Officer will need to hold discussions with all engaged external auditors to ensure that consideration is given, by the auditors, to ISA 240 "The Auditors' Responsibility to Consider Fraud in the Audit of a Financial Statement".

Response Strategies

Whistle Blowing Policy

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

Those who often do "blow the whistle" end up being victimised and intimidated. For this reason, the SABC adopted a Whistle-blowing Policy setting out the detailed procedure which must be followed to report any incidents of fraud, corruption, theft, and maladministration.

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

Investigating Fraud and Corruption

Dealing with suspected fraud and corruption through investigations

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

Disciplinary proceedings

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

Prosecution

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

Recovery Action

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

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

Internal Control Review After Discovery of Fraud

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

The Maintenance Approach

Review of the Effectiveness of the Fraud and Corruption Prevention Strategies

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

Review and Updating of the Fraud and Corruption Prevention Strategies

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

PART B: Fraud and Corruption Response Plan

Introduction

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

When Fraud Is Suspected

If an Employee Suspects Fraud or Corruption

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

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

Employees are encouraged not to discuss the suspected irregularity with colleagues as this might prejudice the success of the investigation.

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

If A Supplier or Other Third-Party Suspects Fraud or Corruption

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

- i. The SABC Whistleblowing Hotline;
- Chief Audit Executive; or
- iii. Group Executive: Legal, Governance & Regulatory.

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

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

Process to be Followed if Allegation of Fraud and Corruption is Reported to the supervisor or any other management member.

Any disclosure of fraudulent, corrupt, theft and maladministration activities made by an employee would be a protected disclosure provided that such disclosure is made:

In good faith and without any improper motives

- I. To a legal practitioner or to a person whose occupation involves the giving of legal advice
- II. To the SABC in accordance with the prescribed procedure or procedure authorised by the SABC
- III. To a body or body of persons prescribed by the SABC.

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

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

SABC Whistle-Blowing Hotline

Once a suspicion has been reported through the hotline, the hotline administrator will inform the Chief Audit Executive and the Manager: Forensic Audit. Forensic Audit will perform a preliminary investigation into the complaint.

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

Procedures for Investigations

Suspected fraudulent, corrupt, theft and maladministration activities should be investigated in an independent, open-minded and professional manner with the aim of protecting the interest of both the SABC and the suspected individual. The investigation process shall vary according to the circumstances of each case, and this shall be determined by the Chief Audit Executive.

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



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

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

The Chief Audit Executive shall keep the Group Executive: Legal, Governance & Regulatory informed of the progress of the investigation and any further developments. On completion of the investigation, the Chief Audit Executive shall prepare a full written report setting out:

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

A copy of the above report shall be submitted to the Board Audit and Risk Committee. To provide a deterrent to other staff members, a brief and anonymous summary of the circumstances shall be intrepidly published.

The Chief Audit Executive will report all suspected fraud and corrupt activities to the South African Police Services, and any other law enforcement agencies as is deemed necessary.

Disciplinary Process

Disciplinary Process for Employees

The Chief Audit Executive in consultation with the Group Executive: Human Resources and the group Executive: Legal, Governance & Regulatory shall ensure that appropriate documentation or facts have been achieved to permit:

- i. Appropriate disciplinary action;
- ii. Protection of innocent persons;
- iii. Support of appropriate civil and/or criminal action;
- iv. Preservation of the integrity of any criminal investigation and prosecution; and/or
- v. Avoidance of any unnecessary litigation

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

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

Disciplinary Process for Members of The Board

If any member of the Board is required to attend disciplinary action to answer to allegations of fraud, corrupt, theft and maladministration activities, a disciplinary panel shall be convened.

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

Initiation for a Recovery Action

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

The Chief Audit Executive, in consultation with the Group Executive: Legal, Governance and Regulatory, shall make recommendations to the Board as to the procedures to be adopted if the SABC seeks compensation for all losses incurred by:

- i. Obtaining compensation orders in criminal cases;
- ii. Taking civil proceedings to obtain a judgment;
- iii. Making deductions from superannuation contributions;
- iv. Arranging voluntary payments;
- v. Considering any insurance claim; and / or
- vi. Considering any other lawful means of recovery.

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

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

Liaison with the National Intelligence Agency and/or South African Police Services

Any decision to refer a matter to the Security State Agency (SSA) and/or the South African Police Services (SAPS) shall be taken by the Chief Audit Executive in consultation with the Group Chief Executive Officer and the Group Executive: Legal, Governance & Regulatory.

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

Fraud or corruption involving any SABC employee, including a Member of the Board, shall be referred to criminal prosecution in every case.

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

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

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

Documentation of the Results of the Investigation

The appointed investigator is to submit a written report to the Chief Audit Executive detailing the circumstances, findings and recommending appropriate remedial action following the investigation.

Other Matters

The Group Executive: Legal, Governance and Regulatory, in conjunction with the Chief Audit Executive, will provide the details of fraud, corruption, theft and maladministration or fraud and/or corruption to the Board Audit and Risk Committee.

In each instance where fraud, corruption, theft, and maladministration is detected, the SABC shall reassess the adequacy of the

internal control environment (particularly those controls directly impacting on the

fraud and corruption incident) and consider the need for improvements. Where improvements are required, they should be implemented as soon as practicable.

PART C: Regulatory Framework

Summary of Statutory Offences Relating to Dishonesty

Prevention and Combating of Corrupt Activities Act, 12 Of 2004

The Prevention and Combating of Corrupt Activities Act (referred to as "PRECCA") is aimed at the strengthening of measures to prevent and combat corrupt activities.

The Act refers to a wide range of offences relating to corrupt activities. In addition to specific offences, the Act also provides for the following:

- i. The provision of investigative resources;
- ii. The establishment of a register relating to persons convicted of corrupt activities;
- iii. Placing a duty on persons in a "position of authority" to report certain corrupt transactions; and
- iv. Extra territorial jurisdiction in respect of offences relating to corrupt activities.

As far as offences are concerned, the Act defines a general offence of corruption. In addition to the general offence, certain specific offences are defined relating to specific persons or specific corrupt activities.

The offences defined by the Act relate to the giving or receiving of a "gratification." The term gratification is defined in the Act and includes a wide variety of tangible and intangible benefits such as money, gifts, status, employment, release of obligations, granting of rights or privileges and the granting of any valuable consideration such as discounts etc.

The general offence of corruption is contained in Section 3 of the Act. This section provides that any person who gives or accepts or agrees or offers to accept/receive any gratification from another person to influence such other person in a manner that amounts to:

- i. The illegal or unauthorised performance of such other person's powers, duties, or functions;
- ii. An abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules;
- iii. The achievement of an unjustified result; or
- iv. Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of corruption.

The Act defines specific offences relating to the following categories of persons:

- i. Public Officers;
- ii. Foreign Public Officials;
- iii. Agents;
- iv. Members of Legislative Authorities;
- v. Judicial Officers; and
- vi. Members of the Prosecuting Authority.

The Act furthermore defines specific offences in respect of corrupt activities relating to the following specific matters:

- i. Witnesses and evidential material in certain proceedings;
- ii. Contracts;
- iii. Procuring and withdrawal of tenders;
- iv. Auctions;



Complying with COVID-19 protocols.

- v. Sporting events; and
- vi. Gambling games or games of chance.

Section 34 of the Act places a duty on any person in a position of authority to report a suspicion of certain corrupt or illegal activities to a police official. These include certain offences of corruption created under the Act as well as fraud, theft, extortion, and forgery where the amount involved exceeds R100 000. Failure to report such suspicion constitutes an offence.

"Position of authority" is defined in the Act and includes a wide range of persons in authority in both public and private entities.

Offences under the Act are subject to penalties including imprisonment for life and fines of up to R250 000. In addition, a fine amounting to five times the value of the gratification involved in the offence may be imposed.

Section 17 of the Act provides that a public officer who acquires or holds a private interest in any contract, agreement or investment connected with the public body in which he/she is employed, is guilty of an offence unless:

The interest consists of shareholding in a listed company;

The public officer's conditions of employment do not prohibit him/her from acquiring such interests; or

In the case of a tender process, the said officer's conditions of employment do not prohibit him/her from acquiring such interests if the interests are acquired through an independent tender process.

Prevention of Organised Crime Act, 121 Of 1998 (POCA)

The Prevention of Organised Crime Act, as amended, (referred to as "POCA") contains provisions that are aimed at achieving the following objectives:

- i. The combating of organised crime, money laundering and criminal gang activities;
- ii. The criminalisation of conduct referred to as "racketeering;"
- iii. The provision of mechanisms for the confiscation and forfeiture of the proceeds of crime;
- iv. The creation of mechanisms for the National Director of Public Prosecutions to obtain certain information required for purposes of an investigation; and

v. The creation of mechanisms for co-operation between investigators and the South African Revenue Services (SARS).

Section 4 of the Act defines the "general" offence of money laundering and provides that a person who knows, or ought reasonably to have known, that property is, or forms part of the proceeds of unlawful activities, commits an offence if he commits an act in connection with that property which has the effect or is likely to have the effect of concealing the nature and source thereof.

Section 5 of the Act creates an offence if a person knows or ought reasonably to have known that another person has obtained the proceeds of unlawful activities and aids such other person regarding the use or retention of such property.

Section 6 of the Act creates an offence if a person knows or ought reasonably to have known that property is or forms part of the proceeds of unlawful activities and acquires, uses, or possesses such property.

The above offences are regarded as very serious, and the Act contains exceptionally harsh penalties relating to these offences. A person convicted of one of the above offences is liable to a maximum fine of R100m or to imprisonment for a period not exceeding 30 years.

Statutes Combating Fraud and Corruption

Protected Disclosures Act, 26 Of 2000 as amended

The Protected Disclosures Act was promulgated to facilitate reporting by employees (whistle blowing) of fraud, corruption or other unlawful or irregular actions by their employer(s) or co-employees without fear of any discrimination or reprisal by their employers or co-employees.

Any employee who has information of fraud, corruption or other unlawful or irregular action(s) by his/her employer(s) or co-employees can report such actions, provided that he/she has information that:

- i. A crime has been, is being, or is likely to be committed by the employer or employee(s);
- ii. The employer or employees has/have failed to comply with an obligation imposed by law;
- iii. A miscarriage of justice has or will likely occur because of the employer's or employee(s) actions;
- iv. The health or safety of an individual has been, is being, or is likely to be endangered;
- v. The environment has been, is being or is likely to be endangered;
- vi. Unfair discrimination has been or is being practiced; or
- vii. Any of the above has been, is being, or is likely to be concealed.

The Act prohibits the employer from:

- i. Dismissing, suspending, demoting, harassing, or intimidating the employee;
- ii. Subjecting the employee to disciplinary action;
- iii. Transferring the employee against his or her will;
- iv. Refusing due transfer or promotion;
- v. Altering the employment conditions of the employee unilaterally;
- vi. Refusing the employee, a reference or providing him/her with an adverse reference;
- vii. Denying appointment;
- viii. Threatening the employee with any of the above; or
- ix. Otherwise affecting the employee negatively if the disclosure is made in terms of the Act.

APPENDIX - Fraud and Corruption Prevention Policy Definitions

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

Preamble

In terms of section 54(2) of the PFMA, before a public entity concludes certain listed significant transactions, the accounting authority of that public entity must inform the relevant treasury and apply to the executive authority for approval of that transaction.

Therefore, the parties hereby agree to set out the guidelines for the treatment of material and significant transactions and to determine significance levels for the South African Broadcasting Corporation in terms of Section 54(2), as well as materiality levels as they relate to material losses in terms of Section 55(2) of the PFMA.

Definitions and Interpretations

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

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

"Executive Authority" shall mean the Minister of Communications and Digital Technologies.

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

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

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

Purpose

The purpose of this framework is to set out guidelines for significant transactions in terms of section 54(2) and section 51(1)(g) of the PFMA that the SABC has to seek approval from National Treasury and the Minister of Communications and Digital Technologies as outlined in Table A.

1. Outlining a process to be followed and information needed to be submitted in support of an application in terms of section 54(2) and section 51(1)(g) of the PFMA.
2. Setting significance and materiality levels for transactions for the purposes of section 54(2) of the PFMA. Set out materiality levels for financial reporting for purposes of section 55(2) of the PFMA.

Background

Section 54(2) of the PFMA states: Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transactions":

- a) Establishment or participation in the establishment of a company.
- b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.
- c) Acquisition or disposal of a significant shareholding in a company.
- d) Acquisition or disposal of a significant asset.
- e) Commencement or cessation of a significant business activity.
- f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated partnership, trust, unincorporated joint venture or similar arrangement.
- g) Section 55 of the Public Finance Management Act (PFMA), 1 of 1999, requires the accounting authority of a public entity to submit to the executive authority responsible for that public entity:
 - (i) An annual report on the activities of that public entity during the financial year.
 - (ii) The financial statements for that financial year after the statements have been audited.
 - (iii) The report of the audit on those statements.

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

1. report and make recommendations to the accounting authority.
2. report on the effectiveness of internal controls in the annual report of the entity

ANNEXURE D

ANNEXURE D

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ANNEXURE D

Significance and Materiality Framework 2022/2023

3. comment on its evaluation of the financial statements in the annual report.

In addition, TR paragraph 27.1.12 requires the audit committee to communicate any concerns it deems necessary to the executive authority and the auditors. Based on the above information, the executive authority may decide to conduct further investigations into the activities of the public entity. It is therefore important that all reports include all material financial, as well as non-financial information.

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

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

S55 (2) (b) (i) of the PFMA: The annual report and financial statements referred to in sub-section (1) (d) must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

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

TR 29.1.1(f): The corporate plan must cover a period of three years and must include a materiality / significance framework, referred to in Treasury Regulation 28.3.1".

General Obligations of the Parties

The parties agree that:

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

Procedure for Notification or Application for Approval

PHASE ONE: Pre-Notification

1. In so far as significant transactions are covered in the corporate plan that will serve as pre-notification for approval in principle, provided that all the information required in terms of 6.1.3 is fully set out in the corporate plan.



SCAN this QR code for additional behind the scenes content of our teams broadcasting from the frontline.

SABC News teams reporting from the frontline.

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

PHASE TWO: Final Application for Approval

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

- b) Whether, on the basis of the information received, the transactions are financially viable or whether SABC will achieve fair value through the specified transaction.
- c) All material liabilities (actual or contingent) and risks resulting from the transactions.
- d) Industry or sector impact and considerations.
- e) Whether the Board has established strategies and measures to mitigate any risk identified in the transaction.

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

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

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

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

PHASE THREE: Post Application Principles

1. The SABC shall report on a quarterly basis on progress made in executing the transaction and the fulfilment of any conditions that were part of the approval.
2. Should the transaction not be concluded within 12 months of approval, the SABC shall provide the DCDT with a report detailing the reasons for this.
3. Should the SABC make an application or submit reports to the regulatory authorities, it will furnish a copy of such to DCDT for information purposes.

Materiality

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

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

Factors Considered in Determining the Materiality Levels

Nature of the Company's Business

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

Statutory Requirements

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

Risk Associated with the Company's Business

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

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

Quantitative and Qualitative Factors

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

statements. The two aspects that should be considered when determining the materiality figure are: the amount of the item in relation to the financial information; the special characteristics of the item.

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

Element	% range to be applied against Rand value in AFS	SABC Rand value applied per 2019/20 AFS (rounded) - Audited
Total assets	1% - 2%	R62m - R124m
Total revenue	0.5% - 1%	R28m - R57m
Surplus / Deficit	2% - 5%	R12m - R30m

3. From the SABC's perspective, quantitative materiality is set at R60m.
4. Notwithstanding the quantitative materiality amount indicated above, the Board has assessed the materiality amounts to be:
 - (i) Every amount in respect of criminal conduct.
 - (ii) R2m and above of irregular fruitless or wasteful expenditure arising from gross negligence.
 - (iii) R2.5m and above, being 0.4% of the surplus or deficit for any other irregular, fruitless or wasteful expenditure.
5. From the SABC's perspective, the significance level is set at R60m for every transaction covered in section 54(2) of the PFMA.
6. Qualitative materiality focuses on the inherent nature of the item under consideration. These items do not necessarily influence the reasonableness of the financial statements, but (due to their nature) they are of importance to the users of the financial statements. The following factors may be taken into consideration when determining qualitative materiality:
 - Statutory requirements: compliance with legislative requirements, regulations, policy control measures, procedures, instructions and authorisation (including budgets), which could reasonably be considered to have a direct financial impact.
 - Unusual items: items that are of a non-recurring or exceptional nature or which arise from unusual circumstances.
 - Degree of estimation: the risk of material misstatement.
 - Related amounts: the relationship of the item to other amounts that appear in the financial statements.
 - Critical points: an item that would otherwise be regarded as insignificant, may, if not corrected or disclosed, have a critical impact on the overall view.
 - Disclosure requirements: deviations from accepted accounting practice.


Nature of the Transactions

1. The SABC should consider the importance of the transaction (i.e. the impact of the transaction on the company as a whole), as well as any possible impact the transaction could have on a decision or action taken by the SABC's Executive Authority in the development of the materiality framework.
2. A distinction should also be made between transactions that are operational in nature and transactions that are approved within a very specific framework, i.e. the annual budget, the company's corporate plan or the strategic plan.

Evaluating the Framework

The significance and materiality framework must be updated annually before the start of the financial year, taking into account the results of the previous year's audit and any new developments in the company. The following additional qualitative and quantitative items are to be considered in establishing materiality:

No.	Reference	Nature of transaction	Qualitative guidelines	Quantitative guidelines
1	54(2)(a)	Establishment or participation in the establishment of a company.	<ul style="list-style-type: none"> Participation as a founding shareholder. Having a right to acquire shares. Having a right to nominate a director. Where the SABC commits to enter into a management contract in respect of the company. 	<ul style="list-style-type: none"> Any level of shareholding. Any level of loan or quasi-equity finance obligation by the SABC. The SABC commits to guarantee any obligations of the company (including a financial performance guarantee) at any level.
2	54(2)(b)	Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	<ul style="list-style-type: none"> Partnership, trust, unincorporated joint venture or similar arrangement that is established, located or intended to operate outside the Republic of South Africa. The SABC's contribution in a partnership, trust, unincorporated joint venture or similar arrangement includes the SABC's proprietary intellectual property. Participation in a partnership, trust, unincorporated joint venture or similar arrangement that may result in anti-competition behaviour or which is subject to competition commission regulations. 	<ul style="list-style-type: none"> The SABC's contribution results in disposal / disbursement of assets in excess of 1% of total assets. The SABC enters into a long-term contract with the partnership, trust, unincorporated joint venture or similar arrangement in excess of 0.5% of total revenue.
3	54(2)(c)	Acquisition or disposal of a significant shareholding in a company.	<ul style="list-style-type: none"> Acquisition of any level or shareholding in a company where such acquisition is not in pursuit of the SABC's core business. Acquisition or disposal where the SABC's ownership control and right to pass or block a special resolution is affected. Acquisition or disposal of any level of shareholding in a company domiciled outside the Republic of South Africa. 	<ul style="list-style-type: none"> Acquisition or disposal of more than 20% of the issued shares in a company. Where the SABC already owns shares in the company, and acquisition or disposal of the number of shares will give rise to a shareholding more or less than 20% of the issued shares in a company.
4.	54(2)(d)	Acquisition or disposal of a significant asset. (NB: for purposes of this sub-section, assets include both current and non-current assets.)	<ul style="list-style-type: none"> Acquisition or disposal of assets that are located in a foreign jurisdiction; however, it excludes office equipment and motor vehicles necessary to conduct business in a foreign jurisdiction. Disposal of assets that have a potential impact on the continued ability of SABC to do business or provide its core service. Disposal of non-core assets in line with SABC's strategy. 	Significance level is R60m.
5	54(2)(e)	Commencement or cessation of a significant business activity.	<ul style="list-style-type: none"> Commencement or cessation of a business activity outside the Republic of South Africa. Cessation of a business activity, where such cessation may have an adverse impact on its key stakeholders. 	Significance level is set at R60m.
6	54(2)(f)	A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	<ul style="list-style-type: none"> Changes that affect the SABC's ownership control type reserved through the trust deed, partnership or joint venture agreement. Change that involves the partnership, trust, unincorporated joint venture or similar arrangement commencing or ceasing to do business outside South Africa. 	Significance level is set at R60m.



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 corporate plan 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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Private Bag X1, Auckland Park 2006

Tel: +27 11 714 4117 - Fax: +27 11 714 3514

Visit the SABC: www.sabc.co.za

Compiled and edited:

Ziphozenkosi Mguli, Tshepo Kganyago and Juliet Gillies

Concept and design:

Nation Hlongwane

Layout and DTP:

Johanna Nieuwenhuys

Photography:

Nolwazi Shange, Lungelo Mbulwana, SABC divisional submissions, Gallo/Getty Images and Clips from broadcast on SABC platforms.



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