



MEDIA STATEMENT

SABC TABLES 2018/19 ANNUAL REPORT

Johannesburg - Monday 30 September 2019 - The South African Broadcasting Corporation (SABC) 2018/19 Annual Report was tabled in Parliament today. In celebrating 25 years of democracy, the public broadcaster has delivered on its extensive public service mandate despite very challenging conditions.

The year under review was a financially difficult one for the SABC. At the end of March 2019, the Corporation reported a net loss of R482.4 million. However, this net loss is a 35% improvement on the restated loss incurred in the 2017/18 financial year. The main contributors were losses incurred on Sporting events and interest incurred as a result of the liquidity constraints. A further contributor to the loss is the decline in Total Revenue by 3% to R6.4 billion from that of the 2017/18 financial year.

Total expenses declined by 6% or R475 million to R7 billion from that of the 2017/18 financial year. While the Corporation pursued cost containment measures actively, the decline was mainly as a result of cash flow constraints leading to a significant curtailment of investment in content, infrastructure, repairs and maintenance and marketing.

The SABC's liquidity constraints resulted in an increase in Total Liabilities, mainly due to an increase in Trade and Other Payables amounting to R1.6 billion as at 31 March 2019, with creditor payment days nearing 143 days.

The cash on hand as at 31 March 2019 amounted to R 72 million - a decline of R 58 million from the balance of the prior year.

During the year under review, the SABC placed extra-ordinary effort in improving its internal controls and ensuring that governance is restored in the organisation.

The Corporation is encouraged by the decline in Irregular Expenditure incurred in the financial year by 41% to R 336 million with most of this irregular expenditure relating to transgressions in previous years.

Although Fruitless and Wasteful Expenditure increased, 63% or R141 million of the amount reported for the 2018/19 financial year related to transactions incurred in prior years. Of the remaining R83 million, R81 million was incurred as a result of interest and penalties due to late payments caused by cash flow constraints.

Of significant importance is that the Corporation's Auditor General Opinion improved from a Disclaimer Opinion for the 2017/18 financial year to a Qualified Opinion for the year under review. This follows improvements to the management of Property, Plant and Equipment in addition to the assumptions underpinning the Going Concern status of the Corporation. In particular Government's announced that it would provide a capital injection to the SABC that will assist Corporation's liquidity issues. In addition the Corporation managed to resolve 96% of the Audit findings related to the 2017/18 financial year.

During the year under review and despite its severe liquidity challenges, the SABC performed well in meeting obligations to nation-building and social cohesion by acquiring and scheduling content that reflects the South African story on both its radio and television platforms.

The SABC's radio stations complied with the ICASA Regulations, which state that from 26 September 2018, all Public Broadcasting Services (PBS) radio stations had to increase the local music quota played in a reporting period from the previous 60% to the revised 70% and Public Commercial Services (PCS) stations from 25% to 35%.

For the period under review, all the SABC's three free-to-air television channels exceeded the local content requirements. SABC1, in terms of full-day coverage, exceeded the target at 72.92%. About 75.52% of content broadcast during SABC1's prime time was local. SABC2, which shares SABC1's 65% target, as set by ICASA, delivered 75.61% for full-day coverage and 86.31% on prime time. SABC3, as the PCS channel has a local content quota of 45%. The platform delivered 60.39% for full-day and 61.35% for prime time.

Other highlights for the period under review include:

- Development of the SABC News App and Elections Website;
- Preparations for News Coverage of the 2019 National Elections;
- SABC1 and SABC3 started broadcasting in High Definition (HD) on DStv and DTT in June 2018. The introduction of HD ensured that audiences enjoy a picture quality that is clearer and crisper than was the case with normal Standard Definition. The conversion of SABC1 was completed in time for the 2018 FIFA World Cup. SABC2 followed suit in early July 2018;
- The SABC was also recognised through a variety of awards including the Liberty Radio Awards, Promax Awards, Afrikaans Media Awards as well as the South African Traditional Music Awards.

The SABC is confident that the implementation of its turnaround plan will ensure financial sustainability in order to fulfill its public mandate of educating, entertaining and informing the nation.

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