

SABC 'not in crisis'

By [Tshepiso Seopa](#)

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The national broadcaster reacted to media reports that it is financially strapped, cannot pay its creditors and is under liquidation by holding a press briefing at its head offices in Auckland Park, Johannesburg, yesterday, Thursday, 5 March 2009.



"We are concerned, but are not in crisis mode," said SABC's finance board committee chairperson Gloria Serobe.

Among some of its responsibilities, the public broadcaster is facing challenges in delivering coverage of the April 22 elections, the Confederations Cup and the 2010 FIFA World Cup.

"The SABC is also faced with a R784 million deficit this year," said its CFO Robin Nicholson. An estimated R400 million of this was from the unforeseen cancellation of advertising expenditure because of the global financial crisis.

Other contributors to the current financial pressures include the cost of changing from analogue to digital technology and suppliers' insistence on upfront cash payments of up to 50% on expensive contracts. In addition, banks have reduced the corporation's lines of credit - also in response to the global financial crisis.

Acting group CEO Gab Mampone said the SABC is not insolvent, however. "We are not cash strapped. We just need to redefine how our revenues and costs are balanced," he said.

No staff retrenchments

Though the public broadcaster is experiencing financial difficulties, Mampone said retrenchments are not on the cards.

However, at the moment, revenue from advertisers is not sufficient to pull the SABC out of troubled waters, and the Independent Communications Authority of South Africa's (ICASA) quotas confine the broadcaster to specific advertisers. It is believed that in addition to the above-mentioned factors, the cost of delivering infrastructure and content to rural areas, plus an increase in the cost of local content and the expansion of news infrastructures has further depleted reserves.

Nicholson said the fact that the broadcaster is running on overdraft is not abnormal.

"The fact that we are running in overdraft and we are mainly paying salaries and wages out of an overdraft, I don't think is abnormal or unusual," he said. However, he went on to add that being in overdraft is certainly not the "kind of position the SABC would want to be in going forward and we need to deal with our debt".

The corporation acknowledges that there is no quick fix to the current situation, and has given itself 12 months to rectify the situation. The plan includes streamlining costs, freezing vacant posts and increasing television licence fees.

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ABOUT TSHEPISO SEOPA

Tshepiso Seopa was a junior journalist at Bizcommunity.com

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