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Zondo Commission – SABC needs bailout to survive, says CEO

South African Broadcasting Corporation (SABC) CEO Mzwamadoda Mxakwe says the public broadcaster has met all the pre-conditions for a government bailout, but to date has not received it. A bailout is the only way that the SABC – currently sitting on a debt of R1.8-billion – will be able to rise to the surface again. He testified on Tuesday before the commission of inquiry into state capture.

“We have been able to make sure that the SABC stays afloat this far,” said Mxakwe in defence of his team, adding that perhaps the reason for the apparent lack of interest is that they are “the right people, politically.”

Although the annual debt status of the SABC had been reduced in March this year to R1.2-billion, it has since bounced back to R1.8-billion, a situation the CEO says is not sustainable, given that the broadcaster operates with a salary bill of R265-million per month, a whopping 45% of its annual income. The irregular expenditure incurred by the broadcaster as at March 2018 stood at R4.98-billion.

Mxakwe’s testimony follows that of board chairperson Bongumusa Makhathini on Monday. The commission is hearing SABC-related testimony this week, and is expected to delve into the entity’s spending patterns over the years, which may have led to its current state of technical insolvency, as described by Mxakwe. The last auditor-general report for the financial year 2017/18 raised critical issues of the status of the SABC as a growing concern, and its reckless trading habits.

When he joined the public broadcaster in July last year, Mxakwe says, almost half of its executive committee members were implicated in wrongdoing. As many as 186 cases of irregularities across a wide range were investigated internally, before being taken over by the Special Investigating Unit (SIU). Some have now been handed over to the National Prosecuting Authority. As a result of the investigations, some members of the management team have been suspended, while some left the SABC and those who remained face disciplinary action. The cases range in nature from non-existent contracts for paid service providers, to a tendency to deviate from proper processes in procurement, and more.

The organisation also had as many as 300 managers in acting positions, at a cost of R2-million per month in benefits to them.

According to Mxakwe, his current executive team inherited a mess of an organisation, where there was disregard for policy, leading to systematic failures. Governance within the SABC was undermined by the very management team that was mandated to oversee it, leading to a lack of discipline and process.

A bigger headache for Mxakwe, however, comes from the top, in the form of interference by some of the board members in procurement-related matters, or in editorial issues. Since a formal complaint had been placed with the board to address this, he was not able to expand on the issue, in consideration of the

unfolding process. He did tell commission chairperson Deputy Chief Justice Raymond Zondo, however, that the issue would have to be addressed to allow the management team of the SABC to carry out its important mandate.

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