

SABC boss hides R500m loss from parliament

By [Sunday Times team](#)

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Embattled SABC boss Hlaudi Motsoeneng is hiding the financial trouble at the ailing broadcaster in a last-ditch attempt to cling to his job.

The *Sunday Times* can reveal that the public broadcaster faces a loss of about R500m - which Motsoeneng concealed from parliament this week - in stark contrast to the profit of R641m last year.

This means that with Motsoeneng at the helm, the SABC has suffered a loss of R1.1bn in a year.



Hlaudi Motsoeneng

These figures, based on internal financial documents seen by the *Sunday Times*, to be submitted to the auditor-general next month, will only be released publicly in September.

The SABC has lurched from one crisis to another on Motsoeneng's watch, but he appears to be immune to being fired amid persistent speculation of his close relationship with President Jacob Zuma.

The public protector previously found he had lied on his CV about having matric, and irregularly upped his own salary by almost R1m a year.

On Friday, a defiant Motsoeneng returned to work after a court ordered that he be suspended pending the outcome of a disciplinary hearing for dishonesty and abuse of power. He said he was appealing the order.

Concealing a loss of R1.1bn in value as the SABC's accounting officer may be harder to ignore.

This week, Motsoeneng told parliament's portfolio committee on communications: "The SABC, financially, we are sustainable."

Taking her cue from Motsoeneng, Communications Minister Faith Muthambi painted a rosy picture of the SABC's finances, projecting that profit would grow from R19m next year to R179m in 2017. "The SABC is on a sound financial footing," she told the committee.

Neither Muthambi nor Motsoeneng mentioned that the SABC faces a projected loss of R501m for the financial year just ended on 31 March.

Motsoeneng effectively took over the SABC in February last year when Lulama Mokhobo quit as CEO just two years into her five-year contract. The SABC made a profit of R217m in Mokhobo's first year at the helm and R641m in her second.

Asked if she was aware of the massive projected losses when she addressed parliament, Muthambi said through her spokesman, Ayanda Holo: "This is an operational matter that the SABC needs to respond to."

Senior executives who spoke on condition of anonymity said this was a "time bomb waiting to go off" that Motsoeneng kept from the public.

"If the SABC makes a R500m loss now, it will be R1bn next year," said one. "This is exactly how the post office went down."



These unaudited figures will only be released publicly when the SABC's audited financial statements are tabled in parliament in September, and may change. "I believe, if anything, the losses will be worse," said the executive.

Motsoeneng's claims that the current reserves in the bank of more than R1bn showed it was brimming with financial health were misleading, said another executive.

Financial documents show that on 31 March the SABC had R826m in the bank, most of which could have been depleted within weeks as the SABC's operating costs are at least R600m a month. Another R178m in cash reserves from government grants should be discounted because the money was allocated for specific projects such as digital migration, the executive said.

"You do not brag about operating cash. It's not your money."

The financial documents reveal that the SABC's operating cash reserves plummeted to record lows last month and are on a steady and alarming downward trend.

This year, it experienced the biggest difference in four years between cash inflows and much greater outflows, the documents show.

An analysis of the SABC's detailed income statement, dated 31 March, shows:

- Salary costs jumped by more than R500m in the past two years, thanks to Motsoeneng's arbitrary salary increases to appease unions and millions spent on board member fees;
- "A R120m drop in "other income" in the past year, attributed to management blunders such as negotiating low building rentals;
- The cost of programming, film and sports rights shot up an astronomical R500m in the past year; and
- "The SABC spends R1bn to collect TV licences worth R2bn - a wasteful 50% collection cost.

Insiders said the SABC blew a chance to make hundreds of millions a year in a deal Motsoeneng clinched with MultiChoice.

In terms of the deal, MultiChoice will pay the SABC R553m over five years to broadcast its 24-hour news channel and have access to its archives.

"The SABC should get R300m to R400m a year for this, but Hlaudi gave it away for R100m a year," said a senior SABC source.

Confronted with these figures, Motsoeneng yesterday denied he had misled parliament, insisting that "the SABC is financially sustainable" and that cash reserves were an indicator of financial health. "Previously we couldn't pay production houses, artists, even our own people. Now people know they are safe with the SABC."

He stressed that "those numbers are unaudited - they can change".

Recently appointed SABC chief financial officer James Aguma said the numbers were still subject to "finalisation, auditing [and] year-end adjustments". These included pension valuations, tax calculations and updating the asset register.

"Any comments about the financial transactions in the income statement would therefore be premature and misleading," he said.

To understand the financial health of the SABC one also had to look at its balance sheet and cash flow statement, he said. "It could go either way substantially."

A senior finance source at the SABC conceded that pension valuations could change the figures, but said poor market performance meant the losses were likely to be worse.

Source: Sunday Times

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