he SABC is funded by a combination of commercial ad revenue, licence fees and state funds. Opinion both in the ANC and among commentators has been growing that the SABC should throw off the golden shackles of commercial revenue in favour of more state funding. There is a danger that the SABC becomes a sinkhole for taxpayer’s money, undermines the growth of new competition in broadcasting, and ends up toeing the government line.

The danger arises because of confusion between financial sustainability and the profit motive, and the idea that public funding might enable the SABC to mimic other publicly-funded broadcasters like the BBC, in producing independent, quality programming. Given its history, it is more likely the SABC will become a true outlet for government propaganda, as more funding translates into greater political control of content.

At the same time, a less rigorous Finance Minister than Trevor Manuel, appointed under a Jacob Zuma presidency, might be persuaded to direct more government funding to the SABC without insisting the organisation ditch its advertising revenue.

Anything less than doing without ad revenue would be to further subsidise the dominant broadcaster, giving it even more of an unfair advantage in muscling aside private competition.

An ANC resolution at the 52nd conference in Polokwane in December last year repeats the resolution of the 51st ANC conference that public funding of the SABC increase, and comes up with a specific figure rather than a formula. The resolution proposes funding of the SABC increase to at least 60% by 2010. Why the figure is 60% is not explained: the SABC’s commercial revenue is 80% of its total revenue. The resolution does not explain what should happen to ad revenue, which was around R3-billion in the 2007 year.

The SABC is unlikely to resist a few billion coming its way. Coincidentally, the corporation in a never-presented presentation to Parliament earlier this year, proposed asking for around R4-billion extra funding over the next three years to the 2010/11 financial year. The SABC presentation was cancelled because of the well-publicised crisis caused by the suspension of Group CEO Dali Mpofu, but the documents were circulated.

The presentation also mentions a R1-billion request, which seems to be
The final slide in Mpofu’s presentation to the communications parliamentary portfolio committee states: “Our success should no longer be measured solely on the basis of financial performance.” Instead, he proposes that the barometer be “delivery against the freedoms enshrined in the Constitution, the requirements of the Broadcasting Charter and our delivery on our Corporate Goals.”

The fallacy of this is that financial performance has never been the sole measure, and the SABC has a specific public service mandate, which it is supposed to achieve by using licence fees for its public broadcasting arm, which is everything except SABC 3, SABC Africa, Good Hope FM, SAfm and Metro FM.

Licence fees make up about 18% of SABC’s revenues, with government contributing another 2%. The rest, around 80%, is commercial revenue, mostly from advertising.

However, the supposed public broadcasting components, like SABC1, compete for ads with private broadcasters like e.tv. e.tv told Parliament’s portfolio committee in June this year in a briefing on the necessary migration of broadcasting from analogue to digital TV broadcasting that e.tv’s main competitors were the public service divisions, SABC1 and 2, rather than the supposedly commercial SABC3.

The e.tv document objects strongly to the SABC’s request for government subsidising SABC’s migration to digital TV, because e.tv will not also be subsidised, and the R4-billion proposed funding does indeed include funding migration to digital TV broadcasting.

The R4-billion is not a fait accompli, and some is for specific projects related to the 2010 World Soccer Cup, but it shows how management is thinking. Of that, the SABC wants more than R1-billion for extra public service channels, presumably on the new digital platform.

Without the discipline of attracting viewers and listeners, which is what having to carry advertising does, what would complete state funding do to programming?

It could result in a broadcast version of the competent but hardly compelling state news agency BuaNews and a greater percentage of worthy but unwatched and unheard educational and information programming. And is it necessary? The private broadcasters are in any case regulated for local content and language.

It is anyway hard to see the state foregoing the billions that flow in from advertising. More likely the government would top up the SABC from state coffers, and the extra money would persuade the SABC not to rock the new Zuma-captained boat.

The presentation to Parliament, almost in an aside, mentions increasing staff remuneration by 2% (this is probably two percentage points) more than inflation. With the cushion of billions of extra rand, the SABC could undercut ad rates and increase its dominance of the airwaves, reversing the gains made by the private sector. Without privatising the commercial arm of the SABC, and preventing the public service arm from accepting ads, full or increased public funding does not make sense from any angle.