

How quickly can total adspend be decreased?

By  Chris Brewer

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How much longer will this insane government keep putting MY money (and yours) into lost causes?

Forget, for a moment, all the hideous greed and corruption, the golden handshakes, the 'bonuses' for doing a lousy job. Forget the Guptas and the Zumas, Eskom and, oh, so many other things.

Just think about two major places of idiotic management and totally lunatic decisions made at South African Airways (SAA) and the South African Broadcasting Corporation (SABC).

Both those institutions used to be run well – not very efficiently I grant you, but I was always proud to fly SAA (and my British friends agreed with me that we had one of the best airlines in the world). I also rather liked a lot of stuff put out by the SABC too – again, rather bureaucratic, but it worked.

But those were the 'good old days' and I have to tread very warily here because the slightest typo or innuendo or vague suggestion will end up with me being branded a racist I have no doubt – which I am most definitely not. (c) John Takai - 123RF.com



But these days, year after year, the idiots in Parliament (or the Treasury) keep bailing these two organisations out. When will they realise they're both lost causes?

To quote Nic Andersen from The South African:

“ The SABC held a press conference [where] SABC Board chairperson Khanyisile Kweyama addressed the media and provided an update on all things Hlaudi and the quest to become profitable again. After an internal investigation, former COO Hlaudi Motsoeneng has been found guilty of bringing the SABC into disrepute and causing irreparable damage to the broadcaster, as a result of the finding, he has now been fired by the acting SABC board. ”

Well, it certainly took them long enough. I mean, the damage that man did with his 'local content' rule was the act of someone requiring serious psychiatric help.

The amount of money withdrawn from the advertising pie was absolutely massive. Advertisers pulled out because listenership and viewership fell. It's quite simple to understand. Really – it's basic common sense, that's all, and the people in charge don't seem to have much of it.

Now he's gone, the first thing the SABC asks for is more money. Quite a lot really – around R3bn and rising.

A decision on the proposed funding for the SABC will only be known after the Treasury's internal committee make a decision - according to the Communications Department.

The SABC is reported to have asked for a three billion Rand bailout. Unions were told this week that salary increases for the year were on hold as the loan had not yet been granted.

The Communications Ministry says Treasury's internal committee is only sitting on 4 August. And it will only be after that meeting when the Communications Department will be told about Treasury's decision on the SABC funding proposal. Two months ago the SABC's interim board finally admitted that "significant losses" had been made. Well, tell us something we didn't already know!

Some of the losses included five billion rands of irregular expenditure in the previous financial year. What's all that about then?

Early in July this year Finance Minister Malusi Gigaba defended Treasury's granting of South African Airways (SAA) a R2bn loan/bailout (call it what you will) saying Standard Chartered Bank has requested the immediate payment of the money the airline owes it – so South African taxpayers were again forced (i.e. no choice) to pay it. It's not Gigaba's money, it's ours! And he just casually hands it over with a smile.

Apparently the airline faced around R9bn of debt which matured at the end of June.

Gigaba says the remaining lenders have indicated that they are open to deferring the debt. Well bully for them, but why is Gigaba so involved? He doesn't run SAA (the last I heard anyway). Mind you, he probably has more influence (and friends) with access to more departments than we can only imagine.

"Drawing on the National Revenue Fund (NRF) was a tough decision versus the worse one of defaulting. It was taken to reassure lenders that state firms and more importantly government won't default," Treasury spokesperson Mayihlome Tshwete said. Well, they're not going to accept your reassurances for much longer, mate.

SAA already relies on government guarantees of about R20bn to keep it solvent.

It has been cited by all three major rating agencies repeatedly as a threat to South Africa's economy. Why is nobody in government listening?

Meanwhile, the Democratic Alliance (DA) has said that the only way to ensure the profitability of state-owned enterprises is to privatise them. In other words, stop them being "state-owned enterprises". Is that so difficult to understand?

Later in July Gigaba, responding in writing to a parliamentary question, revealed that SAA asked the Treasury for R10bn get-out-of-jail card in March.

Listen you lot. South Africans are sick to death of this entire fiasco.

Dump SAA and the SABC. As private companies they'll thrive. Audiences and passengers will increase. Advertising revenue will increase. Employment will increase. The economy will then begin this mysterious "turn around" you keep babbling on about.

ABOUT CHRIS BREWER

Having joined the ad industry in London, Chris Brewer spent most of his career in media analysis and planning - but has performed just about every advertising task from Creative to Research. He's an honorary lifetime member of the Advertising Media Association and regularly advises agencies and clients regarding their media plan costs and strategies. He is also often asked to talk at industry functions. Email: chris@brewers.co.za. Twitter: [@brewersapps](https://twitter.com/brewersapps). Read his blog: www.brewersdroop.co.za

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