



## **MEDIA STATEMENT**

### **THE SABC CONTEMPLATES COST CUTTING MEASURES TO REDUCE COSTS**

**Johannesburg- Friday, 14 September 2018**-The South African Broadcasting Corporation (SABC) met with organised labour yesterday to inform them that the organisation contemplates implementing section 189 of the Labour Relations Act (LRA). This forms part of the cost cutting measures, which includes the assessment of key cost drivers, in order to make the organisation financially sustainable and fit for purpose.

The SABC Group Chief Executive Officer, Madoda Mxakwe addressed staff on Friday, 14 September 2018 and communicated the dire financial state that the SABC finds itself in. He explained that the SABC had a demanding financial year with total revenue of R6.6 billion against a budget of R7.3 billion resulting in an underperformance of R709 million (10%). The SABC had a net loss of R622 million for the 2017/18 financial year. One of the SABC's biggest cost drivers is the salary bill. To put this into context, the SABC is a R7.2 billion revenue generating company with a salary bill of R3.1 billion. The current ratio of revenue to wage bill is not sustainable given the SABC's dismal financial situation. It is for this reason that the SABC is contemplating other cost cutting measures to further reduce costs.

The next step is for the SABC to engage in joint consensus seeking consultations with organised labour.

**Ends**

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