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THE BOTTOM LINE: Relief at brighter prospects for SABC funding

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NEWS from the interim board that assistance to the cash-strapped SABC will not end with the R200m announced by Finance Minister Pravin Gordhan in the medium- term budget policy statement yesterday was met with relief.

The truth is that the SABC needs nearly R2bn to bail it out of its financial crisis, and it is rumoured that unless addressed now the public broadcaster will require about R6bn in the five years' time to cover its debts, infrastructure and costs such as the crossover to digital.

The SABC asked the Treasury for financial guarantees to the value of between R1,4bn and R1,8bn.

A source close to the board said board members worked "incredibly hard" to get the R200m assistance, required as they were to prove the broadcaster could have done little to mitigate the position it found itself in.

The money will not, of course, solve the SABC's funding model problem, which it insists needs to be addressed, dependent as it is largely on advertising.

Critics argue, however, that the SABC gets a lot of funding compared with other broadcasters. And, of course, there is the little problem of the six new channels the SABC is proposing — how are they to be funded?

MORE than 80% of third- quarter company results in the US have come in above market expectations, according to a CNN report, prompting speculation that companies are purposefully making forecasts below their own expectations. This would avoid headlines such as: "Company X fails to meet forecasts, share price tanks." It is far better for earnings to surprise on the upside.

Yet despite these "strong" earnings, the Dow Jones industrial average lost ground on Monday and yesterday. "The whole of the market is not being moved by earnings announcements any more," said Peter Cardillo, chief market economist for Avalon Partners. He said the focus was more on economic indicators.

The question is, are analysts playing along? While it is relatively easy for companies themselves to water down expectations without actually deceiving the market, independent analysts have also been predicting lower earnings for most companies.

Do they rely only on information provided by the companies? Is there any independent analysis?

It brings to mind the cheerleading days of the pre-crisis era where the "company analysts" and the financial media in the US were all singing the same song. "Buy, buy buy," they recommended enthusiastically, particularly on CNBC, which resulted in television talk-show host Jon Stewart famously panning them after the crisis hit. He showed a number of "market experts" excitedly recommending AIG as a buy immediately before the insurance giant's wheels came off and it received an 85bn bail-out.

WHILE bankers and other executives have taken a huge hit to their credibility as a result of the global financial crisis, so too have the US television news networks and financial media — with no small measure of blame/credit going to Stewart for pointing out their faults. Time magazine ran a recent poll asking Americans to name their most trusted newscaster, and Stewart's Daily Show won by a landslide. His show mostly lampoons political figures.

Andrew Coulson, director of the Cato Centre for Academic Freedom, recently pointed out that indeed, the Daily Show was a more reliable source of information than Paul Krugman, the Nobel Prize-winning New York Times economist. Krugman recently berated the US government for neglecting spending on education for 30 years, while in real terms it had doubled since 1970. Information on government spending on the Daily Show's website proved more accurate.

"Perhaps the media might attract more readers and rebuild trust if they were to stop publishing material less reliable than the blog discussions on a comedy show's website," says Coulson.

n The Bottom Line is edited by Colin Anthony.