



# PARLIAMENT

OF THE REPUBLIC OF SOUTH AFRICA

## STATEMENT AND RESOLUTION OF THE PORTFOLIO COMMITTEE ON COMMUNICATIONS ON THE SABC

Having received presentations from the Board of the SABC on the following: the 2009/10 Annual Report of the SABC and the financial position of the SABC presently; and having agreed not to receive oral presentations on the performance review of the Board for the current year and the functionality of the Board because of the failure to submit relevant documents, the Committee believes that there is not much room for optimism about the affairs of the Corporation.

It has also noted the correspondence from the President accepting the resignations, with immediate effect, of four members of the Board.

In essence, the Committee is of the view that the Board has failed to provide coherent leadership and to ensure proper corporate governance over the SABC. The Board has also failed to meet its statutory requirement of meeting on a quarterly basis. It has developed an unusual preference for running the affairs of the Corporation through a series of ad-hoc and special meetings. In the Committee's view, such an approach to corporate governance is decidedly unacceptable and must be corrected forthwith.

The Committee notes with concern the emphasis contained in the Independent Auditor's Report in respect of non-compliance with the PFMA, Treasury Regulations and the Broadcasting Act. Of particular concern is the breach of relevant procurement processes.

The Committee urges the Board Members to remember that they hold office in a crucially important public entity, which has an impact on the lives of millions of our citizens. Therefore, they should pay greater attention to their duties and responsibilities, and to the manner in which they carry out their duties.

The Committee believes that, with the four resignations, a greater responsibility rests on the shoulders of the remaining members of the Board to ensure the smooth functioning of the Board. Participation in the Board under these circumstances should be seen as a national service.

The Committee further notes with concern that the Annual Report lacks detail of the corporation's subsidiaries, and it is not clear whether these subsidiaries have been audited. It wishes to caution that such apparent breaches are not only against the norms and standards of good corporate governance, but can lead to further adverse audit findings, and possibly to criminal prosecution. In this regard,

a special responsibility rests on the shoulders of the entire Board to ensure statutory compliance.

Finally, the Committee notes that the financial position of the Corporation remains precarious, and that the Board has not been able to adopt a comprehensive turn-around strategy.

The Committee, therefore, recommends that:-

1. the Chairperson and the Board should approve a schedule of quarterly Board meetings for the period between now and December 2011, and submit such a schedule to the Committee on 10 November 2010;
2. a turn-around strategy for the SABC must be tabled before the Committee on 10 November 2010;
3. the policy of retention bonuses for staff members be reviewed;
4. the Acting GCEO provides a full and detailed report to the Committee on the activities of all subsidiary companies associated with the SABC on 10 November 2010;
5. the Board presents a written report to the Committee on 10 November 2010 on further progress in respect of the Auditor-General's investigation into alleged irregularities at the Corporation;
6. the Board reports to the Committee on staff, including Senior and Middle Management, salary increases and benefits as from 2007 to date on 10 November 2010;
7. the Board reports to the Committee on disciplinary cases and reasons why no action was taken in respect of the cases highlighted in the 2009/10 Annual Report on 10 November 2010; and
8. the Board tables a performance review report for the current year that includes a report on the functionality of the Board on 10 November 2010.

The Committee further resolves that it will endeavor to process the recommendations for filling the vacancies on the Board during the current session of Parliament.

For further information, contact Ismail Vadi on [REDACTED]

20 October 2010