

Statement by the Minister of Public Enterprises, Minister Pravin Gordhan, on the Appointment of Eskom Group Chief Executive, Transnet Board, SA Express Board and Denel Board

Opening Remarks

When he came into office, President Ramaphosa was very clear that we need to clean up State owned enterprises and reposition them to serve South Africa. As important public institutions, State Owned Enterprises that are effectively managed, efficiently performing and well-governed can play a role as an extension of the capacity of the state:

- Delivering important public services that enable economic activity and improve the quality of the lives of our people including the provision of reliable and affordable electricity; increases transport logistics connectivity that ensures cost effective and reliable movement of goods;
- Investing in infrastructure to reduce the cost-structure in the economy so that other economic players become more efficient and competitive;
- Supporting and growing small and medium size businesses;
- Transforming the patterns of ownership in the economy by directing their procurement spend to black-owned businesses; and
- Providing jobs, training and skills development.

Currently, a number of the state owned enterprises are experiencing financial, operational and governance challenges. This has negative spillover implications for the economy, as it means these important companies are unable to contribute to advancing development.

The poor performance of these companies was a result of deep and widespread corruption and maladministration within the State owned enterprises. This continued unabated at these companies until a few months ago. We are intent on reversing this situation.

The President has outlined the key steps to be taken to address the problems at the state-owned enterprises. The steps include:

- Rebuilding and strengthening governance;
- Rooting out corruption;
- Restoring their financial position; and
- Ensuring that state owned enterprises fulfil their economic and developmental mandates.

As the Minister of Public Enterprises I have been doing just that. Today is day 97 of the President's term in office and my 86th day in office. Even in this short time significant progress has been made. We have begun to implement the steps that will start to restore good governance to our state-owned enterprises.

Today I would like to announce further steps that have been taken to ensure that there are capable and ethical boards and competent management with high levels of integrity at the State Owned enterprises. This is a key foundation for turning around the fortunes of these companies.

Appointment Eskom Group Chief Executive

On 20 January 2018, then Deputy President Ramaphosa announced the appointment of a new board of Eskom together with an interim Chief Executive, **Mr Phakamani Hadebe**. Eskom was operating in an environment characterized by allegations of wholesale corruption at the utility, a collapse in governance and an audit qualification on irregular expenditure. As a result the company's access to funding was restricted. Over the last 3 months, we have seen steady progress in the stabilization of this institution. Many of the individuals alleged to have been involved in corrupt activities have left the firm. Investor confidence has improved and Eskom has returned to the capital markets. The board and various stakeholders are engaged in considering the role Eskom should play in the next 5 to 10 years to ensure it contributes positively to the economy and remains financially stable.

To begin to rebuild the Executive Team, Cabinet has approved the appointment of Mr Phakamani Hadebe as the new Group Chief Executive of Eskom. This is a reflection of the excellent work he has done over the last few months at the institution.

Stabilization of SA Express Airways

South African Express has lost a number of its executive managers (several of whom were suspended due to allegations of corruption against them). The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are among the vacant positions. The Department of Public Enterprises had previously seconded officials from the department to assist in filling the gaps, including Ms. Matsietsi Mokolo who is currently acting as the CEO.

I have decided to further strengthen the capacity at the airline by appointing an **Intervention Team** to support the Executive Team at SA Express.

The term of the board came to an end on the 21 May 2018. Cabinet have approved the appointment of a new board to the airline, comprising people with strong ethical character and the appropriate skills, knowledge and experience, particularly in the airline industry. The following individuals will serve as directors of SA Express Airways:

1. Ms. Mmakeaya Magoro Tryphosa Ramano as **Chairperson**
2. Mr. Ronald Ozzy Lamola
3. Mr. Thulani Matiki Norman Kgomo
4. Mrs. Thandiwe January-McLean
5. Mr. Kugan Harikrishna Thaver
6. Mr. Bongisiwe Mpondo
7. Ms. Hlengiwe Thandeka Makhathini
8. Dr. Thabi Leoka
9. Mr. Ahmed Ismail Bassa

The inclusion of Ahmed Bassa, who is also a member of the South African Airways (SAA) board, will enable us to better realize the synergies between the state airlines.

The Intervention team, the technical support team and the new board will work together to bring stability to the airline.

Appointment of Transnet Board of Directors

On the 14 May 2018, I announced the appointment of an interim board at Transnet. This was after I had followed due process in affording the previous directors an opportunity to make representations to me as to why they should continue to serve on the board. Cabinet has now approved the interim board appointments. Together with several additional directors which have newly been appointed, the board of Transnet will be constituted as follows:

1. Mr Popo Molefe as **Chairperson**
2. Ms. Mpho Emily Letlape
3. Mr Louis von Zeuner
4. Ms. Ursula Nobulali Fikelepi
5. Ms. Dimakatso Catherine Matshoga
6. Ms. Ramasela Joyce Ganda
7. Prof Edward Christian Kieswetter
8. Mr Aluwani Percy Ramabulana
9. Dr. Fholisani Sydney Mufamadi
10. Ms. Vivien McMenamin
11. Adv. Oupa Motaung
12. Ms. Gratitude Ramphaka

Appointment of Denel Board of Directors

On the 09 April 2018, I appointed an interim board of directors to lead Denel. Since then, the board has worked tirelessly to gain an understanding into the state of Denel.

Yesterday Cabinet approved the appointment of the following individuals as directors of the board of Denel:

1. Ms. Monhla Hlahla as **Chairperson**
2. Ms. Nonzukiso Zukie Siyotula
3. Mr. Mandla Martin Mnisi
4. Mr. Nhlanla Rigney Kunene
5. Prof. Tshilidzi Marwala
6. Lieutenant General (retired) Temba Templeton Matanzima
7. Dr. Gloria Serobe
8. Mr. Talib Sadik
9. Ms. Susan (Sue) Rabkin
10. Dr. Sibusiso Sibisi
11. Mr. Thamsanqa Magazi
12. Dr. Hannelie Nel
13. General Sipiwe Nyanda
14. Ms. Kabelo Lehloenyana

Following the resignation of the former Group Chief Executive which was announced last week, the Board should ensure there is strong and ethical management team in place to lead the institution by swiftly filling the position.

Mandate to the New Boards

I have confidence that the individuals that have been appointed bring considerable skills, knowledge and experience to the boards.

In the spirit of Thuma Mina, the boards must immediately:

- Undertake their duties diligently, with due regard to their fiduciary responsibilities;
- Reinstill an ethical culture at our state owned enterprises;
- Ensure good governance, accountability and transparency is restored;
- Maintain the necessary independence from management for effective oversight, whilst simultaneously having a thorough knowledge of the activities at the company;
- Investigate any allegations of corruption and ensure that, where there is evidence of malfeasance act decisively to hold the relevant individuals to account and recover any funds that were misappropriated;
- Review the financial status and ensure financial sustainability;
- Ensure that the companies deliver effectively, efficiently and financially sustainably on their core mandates whilst simultaneously contributing to the transformation and industrialization of our economy;
- Put in place stable and competent Executive Management teams that will lead the institutions with integrity;
- Ensure adequate controls and oversight over procurement is in place and that conflicts of interest are correctly managed;
- Rebuild the credibility and confidence in our state owned enterprises with South Africans, employees, and lenders; and
- Reposition state owned enterprises as assets that serve South African and improve the wellbeing of all its citizens.

I believe that the men and women who have been appointed to these boards, possess the professional ethos, values, capability and integrity to take the new mandate for these State Owned Companies forward.

End

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