

Statement on measures to strengthen governance at Eskom



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

20 January 2018

Government today announces a number of measures to strengthen governance at Eskom, including the appointment of new board members and stabilising management at the energy parastatal.

This follows a meeting of President Jacob Zuma, Deputy President Cyril Ramaphosa, Public Enterprises Minister Lynne Brown and Minister of Finance Malusi Gigaba on Friday 19 January 2018 to address urgent challenges at the company. This intervention will be ratified by Cabinet at its next meeting.

Eskom is critical to the South African economy. As a key enabler of economic growth and social transformation, any further deterioration of Eskom's financial and operational conditions could have a severe impact on the country.

The company has been facing several challenges, including a weak financial position, declining revenues and governance failures, which are threatening the sustainability of the company going forward.

As a result, government has decided on the following immediate measures to strengthen governance and management. This is the first step towards restoring confidence in the company, improving its financial position and restoring its operational performance.

The appointment of new board members:

The new board will consist of:

1. Mr Jabu Mabuza as Chairperson
2. Mr Sifiso Dabengwa
3. Ms Sindi Mabaso-Koyana
4. Mr Mark Lamberti
5. Prof Tshepo Mongalo
6. Prof Malegapuru Makgoba
7. Ms Busisiwe Mavuso
8. Ms Nelisiwe Magubane
9. Dr Rod Crompton
10. Mr George Sebulela

11. Dr Pulane Molokwane
12. Dr Banothile Makhubela
13. Ms Jacky Molisane

Stabilising management:

Government has recommended the appointment of Mr Phakamani Hadebe as the Acting Group Chief Executive with immediate effect.

Further, the board is directed to appoint a permanent Group Chief Executive and Group Chief Financial Officer within the next three months.

The board is directed to immediately remove all Eskom executives who are facing allegations of serious corruption and other acts of impropriety, including Mr Matshela Koko and Mr Anoj Singh.

Government further calls on all Eskom employees and other stakeholders who may have evidence of wrongdoing to bring this to the attention of law enforcement agencies so that culprits can be brought to book.

The Ministers of Public Enterprises, Energy and Finance will work together under the leadership of the Deputy President, to deal with other structural issues, which include the funding model and other industry challenges identified by the Inter-Ministerial Committee on SOE Reform.

Deputy President Cyril Ramaphosa, Chair of the Inter-Ministerial Committee on SOE Reform, said: "We are confident this intervention will restore the important contribution Eskom makes to our economy. We are determined to address the damage that has been done to this institution and place it on a new path of efficiency and integrity.

"Government calls on all stakeholders, employees, suppliers and members of the public to work together to ensure that these measures are successful.

"For South Africa to flourish, Eskom must work and work well," he said.

With the appointment of the new board and acting Group Chief Executive, government firmly believes that Eskom can be returned to financial sustainability and contribute positively to the objective of shared prosperity.

Government will continue to act decisively to address challenges at key state owned enterprises to restore public and investor confidence and to ensure that they fulfil their economic and developmental mandates.

Enquiries:

Tyrone Seale (Office of the Deputy President)

083 575 7440

Colin Cruywagen (Department of Public Enterprises)
082 377 9916

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