

# SOUTH AFRICAN CHAMBER OF COMMERCE AND INDUSTRY

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## **SACCI statement on Eskom board restructuring**

The South African Chamber of Commerce and Industry (SACCI) has noted media reports of another impending restructuring of the board of Eskom.

Whilst changes to the Eskom board should take place within normal rotation principles in line with established corporate governance policy, we remain concerned as to what credible and established process, the cabinet follows in the selection, recruitment, retention, and performance management of the leadership in state-owned enterprises (SOEs).

The process of the assessment and performance review is not likely to address the root causes of the Eskom crisis and other SOEs, if such review does not include the role of cabinet as the appointing authority. The review ought to include the evaluation of the skills, competencies, experience and performance track record of the selectors and decision makers as well.

This is the only way in which effective, sustainable solutions can be realised. Otherwise, it will be the moving around of chairs and the avoidance of dealing with the root causes.

As the South African Chamber of Commerce and Industry (SACCI) we have consistently called for an establishment of an independent commission that will look at the selection and recruitment of SOE boards. Such an independent commission should be staffed by highly skilled and experienced individuals with the right values.

In line with established corporate governance principles, it should be the role of the board, and not that of the shareholder, to appoint the CEO of an SOE.

The current system where cabinet appoints boards and CEOs is broken, inconsistent and unreliable. We believe it is part of the chaotic mess we see.

With respect, cabinet may not be the right authority to select boards and senior executives, as corporate senior executive level or non-executive director level experience may not be a specific requirement to be in cabinet, as cabinet deals with a wide range of state activities. Qualifications in business, finance, operations, strategy etc need not be a necessary requirement for cabinet appointments.

Non-Profit Company (NPC): Reg No. 1945/20230/08 VAT No. 4840111670

*Directors: M Xulu (President), N Malefane (Deputy President), N Pollock (Vice President), J Heshu (Vice President), S Conradie (Treasurer), M Motsumi (Chamber Forum Chair), M Pirikisi, M Bosch, L Blackbeard, H Ndlovu, M Jacobs, A Mahomed, A Mukoki (CEO), Z Ndlovu (Past President)*

It therefore would be unfair to expect high execution capability in this area, without the commensurate experience.

It may be this lack of corporate level experience that leads to the blurring of the lines between governance, operations, decision making and the role of the shareholder. Lack of performance may be a result of this mismatch between the appointed candidates and the complexity of the task.

The inability to design and implement a meritocracy across the board is the main cause weakening the capability of the state.

The review of the entire SOE eco-system is urgent and long overdue.

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