

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 1494**

**QUESTION:**

**1494. Ms N V Mente (EFF) to ask the Minister of Public Enterprises:**

(1) With reference to Ms Busisiwe Mavuso’s alleged statement that government interventions are hampering proper management and turnaround of Eskom, what were the interventions that he made that were against the plans of the Board and management teams at Eskom;

(2) what was intended with his warning that Ms Mavuso must be careful?NW2766E

**REPLY:**

At the outset, it must be noted that it will take a long time for Eskom to recover fully from the damage caused by the State Capture.

The Memorandum of Incorporation of Company (including Eskom) sets out the responsibilities, duties and rights of the shareholder and directors. The shareholder, particularly 100% shareholder as in the case with government and many state owned companies, can have a range of rights in relation to the governance of SOEs. The Shareholder Compact, prescribes the various performance targets expected to be met by an entity.

In the case of Eskom, targets will include plant performance (the level of energy availability factor to be achieved), financial targets (reduction in overall costs including primary energy cost) or implementation of various “turnaround” plans. Within these parameters, the Board must hold management to account on delivery of these targets. Likewise, the shareholder department must hold the Board accountable. Where necessary, usually at critical stages of an entity, the shareholder may initiate processes to assist both the shareholder and Board to both diagnose a problem and suggest solutions: examples being the Presidential Sustainability Task Team (to make recommendations on the future direction of Eskom given the challenges and changes in the electricity market) and the Ministerial Technical Review Team (to make recommendations on improving plant performance).