

Dismay at Brown's Eskom appointees

Public enterprises minister Lynne Brown has warded off attempts to put a credible board in place at Eskom, ignoring suggestions from quarters within the ANC and the misgivings of the Treasury over her choices.



Photo: AN/7

On Friday, Brown announced two new appointments to the board - Malegapuru Makgoba and Tshepo Mongalo - both academics, and left incumbent acting chair Zethembe Khoza and the other six serving directors in place.

Brown's decision, which she said in a statement had been endorsed by the Cabinet on Wednesday, contravenes two commitments that the government has made with the private sector over fixing Eskom.

Finance minister Malusi Gigaba promised in July that, as one of 14 confidence-building measures, Eskom would have a new board on November 30.

Local lenders had also warned the Treasury that unless a new board was in place by the end of November, they would decline to roll over loans. Names that were put to the minister for consideration by ANC colleagues included former mineral resources director-general Sandile Nogxina; former energy director-general Neli Magubane; and Rod Compton, a former full-time board member of the National Energy Regulator of SA.

According to Gigaba spokesman Mayihlome Tshwete, the minister supported the board announced by the Cabinet.

However, it is well known that Gigaba had urged the appointment of credible individuals with business acumen.

Local banks declined to comment at the weekend and neither would the Development Bank of Southern Africa, which has been vocal about the governance lapses at Eskom. It threatened earlier this year to revoke a R15bn loan unless chief financial officer Anoj Singh was suspended. Behind the scenes, though, there was dismay.

Only Germany's KfW Development Bank, which extended a R400m loan to Eskom in 2015, openly expressed misgivings over the future. Director Jan Martin Witte said on Friday while the bank would carefully review the new appointments, the package as a whole "was not what we had been hoping for after six months of engagement with Eskom".

"We were hoping they would bring in a qualified and capable board. It is extremely disappointing. While we would otherwise have an appetite to lend more to Eskom, without a credible board we will not be able to do that," Witte said. The announcement means Eskom will continue for at least the next six months with a leadership lacking the required business and financial skills.

Brown said she intended to make additional appointments in July 2018.

Makgoba and Mongalo " both accomplished in the academic field, the former in medicine and the latter in law " do not fit the bill that business has expressly requested: that the boards of state-owned companies be fit for purpose.

Khoza, in particular, is regarded as being ill-equipped for the position of chairman and complicit in the corruption that has been rife at Eskom for several years. His previous business experience was as a manager of a call centre at Telkom.

The first task of the augmented board will be to appoint a CEO at the parastatal.

Fears are growing at Eskom that acting CEO Matshela Koko will be acquitted of all disciplinary charges and be permanently appointed.

Source: *Business Day*

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