

MEDIA STATEMENT

27 August 2018

BLSA welcomes the approval of new boards as a step in the right direction

BLSA commends the appointment of new boards of the Airports Company SA (Acsa) and the South African National Roads Agency Ltd (Sanral) as a significant step towards restoring leadership integrity, good corporate governance and financial prudence in these entities.

Cabinet announced its approval of the new boards last week.

We congratulate Themba Mhambi on his appointment as chairperson of Sanral, along with four non-executive directors. We also welcome the appointment of Nolulamo Gwagwa as chairperson of Acsa, and look forward to the finalisation of Phydels Mvelase, Yershen Pillay, Bonang Mohale, Pascal Mokupo, Nosizwe Nokwe-Macamo and Nqobizitha Phenyane as non-executive directors.

State-Owned Companies constitute a key part of our national life and our national assets and should be central to delivering public services, investing in infrastructure, creating jobs, diversifying wealth and providing opportunities for people to realise their potential.

The unfortunate tragedy of the last seven years is that these public entities have suffered major blows to their operational functionality and capability to deliver public value due to maladministration, corruption and state capture. Over the past three years, four board members quit Acsa, two of which resigned over a lack of corporate governance at the entity, political interference, as well as issues of over-reach and undermining of the board by the Acsa executive.

Their departure clears the way for the new leadership to proceed with the process of stabilising the operations of the entity whilst restoring the company to financial health. The new boards' skill sets and proven leadership will definitely add impetus to this mission and will serve the public entities well.

BLSA Board

Colin Coleman • Adrian Enthoven (Deputy Chairman) • Adrian Gore • Stephen Koseff • Jabu Mabuza (Chairman)
Busisiwe Mavuso • Bonang Mohale (Chief Executive Officer) • Peter Moyo • Nicky Newton-King
Andile Sangqu • Sim Tshabalala • Srinivasan Venkatakrishnan

“We are especially delighted that someone of Bonang Mohale’s calibre, depth of experience, immense leadership ability, integrity and unyielding patriotism has agreed to help steer Acsa through the most challenging environment the organisation has faced since 1994. As CEO of BLSA, he has had a distinguished career at the helm and in leadership roles of several major South African and multinational companies including Shell South Africa, Otis Elevators, South African Airways, Sanlam, and Drake & Scull Integrated Facilities Management. He has also received several prestigious awards for his pioneering role as a nation-builder, transformation change agent in the companies he has been involved in, and a vocal opponent of state capture. Bonang is scholar, with a heart of a lion”, said Dr Jabu A. Mabuza, BLSA Chairman.

As the tide of history turns towards a new state-building exercise, his good grasp of both operational and governance matters makes him a great fit for the position. Attention must turn to institutional capacity and several constraints that have held back the economic growth, reducing income per capita, and disproportionately hurting the poor. Public debt has risen, depleting buffers, and leaving little room for fiscal policy to support growth. On the back of high expenditure levels, public debt as a share of GDP has doubled during the last decade, reaching 53 percent of GDP in 2017, and pushing up public-sector gross financing needs.

In the past fiscal year, the fiscal deficit was more than 1 percentage point of GDP above the budget target, as revenues underperformed, affected by low growth, and expenditures were pushed up by bailout costs from loss-making public entities.

Materially turning the economy around toward strong and inclusive growth will require swift implementation of a bold transformation agenda. The policy thrust now must be toward a greater role for public entities as delivery agents in a context of massive inequality.

It is this sense of mission, driven by our shared vision and bound by the constitutional goals of a capable developmental state that underpins our new dawn. Through our public institutions and State-Owned Companies, we must work to promote our constitutional values such as inclusivity, non-racialism and gender parity. The state-owned companies belong to all South Africans. They are not the preserve of only a few.

Measures adopted to tackle corruption, such as changes in boards, actions to strengthen procurement, and in general, the intention to eliminate wasteful expenditure, are certainly a step in the right direction.

However, this is only the first step in combating corruption and inefficiency. We are hopeful that the new boards heading up Acsa as well as Sanral, and a speedy state capture inquiry will lead to the past leadership being held accountable and through this, an acceleration of the fight to reduce wasteful expenditure of public funds in South Africa.

This must include the exit of all the problematic executives from the utilities and taking credible disciplinary action against officials implicated in serious wrongdoings; clarifying regulation to foster private investment in the sector; driving down costs to ensure that the entities do not borrow to service debt, facilitating investment in infrastructure to reduce the cost-structure in the economy so that other economic players become more efficient and competitive, and increasing the efficiency and quality of public service to all citizens.

Ultimately, success will be dependent not just on the aptitude of the boards alone but the people running State-Owned Companies, the governance systems and value systems that inform the public service.

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