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Zondo commission - Eskom suspensions only addressed non-performance, says Klein

Former Eskom director Venete Klein has defended her part in the suspension of four of the power utility's executives in March 2015, saying that she could not confirm that they were purged in favour of Gupta appointees. The decision was based on the failure to produce a concrete turnaround strategy for Eskom that would help abate concerns from government's 'war room', established to tackle a long-standing case for non-performance.

Klein told the commission of inquiry into state capture on Thursday that it was within the board's prerogative to remove people who did not serve the ailing company, despite their long service. In the private sector, she said, there would have been no hesitation. But this being a state-owned entity, all governance bases had to be covered.

CEO Tshediso Matona, financial director Tsholofelo Molefe and the heads of technology and commercial and capital projects respectively, Matshela Koko and Dan Marokane, were told of their suspensions following a board meeting held on 11 March 2015. The move, according to Klein, was apparently to enable an inquiry into non-performance, which the board resolved to go ahead with without their interference.

"Very simply put, chair, here is a company in distress. Here is load shedding at a cost of R434-million to this country a day. Here is a going concern problem and we were told there was not even enough money for one month of running. If people who could potentially slow down the opportunity that might turn this company around are asked to step aside, I would support that," she said.

"I supported the chairperson in the inquiry, because we needed as a board to have a baseline. You had a war room telling you what you could and couldn't do. You had the minister calling and telling us from day one that you must turn this business around. You've got a chairperson who's telling you that these people have done all these things wrong. We could not prove that they had done anything wrong, but maybe moving them aside would give me an opportunity to have a different view in a short space of time so we can start turning the ship. That was my motivation."

The board, she added, had deliberated long and hard and decided they couldn't be charged, but were instead asked to step aside because the chairperson convinced them that their presence could hamper the inquiry.

Each of the four was given an opportunity to argue for why they should not be suspended, but only Koko was eventually allowed to return to his post, while the others later entered into separation agreements with Eskom.

Commission chairperson Deputy Chief Justice Raymond Zondo canvassed this point with Klein, arguing that the other three said in their affidavits to the commission they had not expressly

refused to come back to Eskom once the inquiry by private firm Dentons was concluded. In fact, he added, Matona took Eskom to court, wanting his job back. But it appeared that the board wanted to keep them at bay, even paying settlement amounts of around R6-million for each, equivalent to a year's cost to company.

"I don't know what conclusion I will reach when I have heard all the evidence, but it is possible that there may have been a plan that was made somewhere outside of Eskom to get rid of these executives, and this plan was sold to the board," said Zondo.

"It may be that among the board members, some knew the origin of the plan and knew more than others, I don't know. And the plan was to get rid of these executives, so that other people, who may have been favoured by those who made the plan, would be brought into Eskom, into the key positions that these executives had occupied. It becomes quite interesting that of all these executives, Mr Koko is the only one who is allowed back. And there are allegations that Mr Koko had some association with either the Guptas or associates of the Guptas.

"In the end, who was associated with the Guptas or not associated is a decision that I will take when I've heard all the evidence but as one reads these things, as one hears evidence and so on, so there are those concerns."

Klein responded: "Chairperson, I can't argue with any of what you've said. I agree 100%. If I were a shareholder I wouldn't keep people in the job who couldn't turn it around in the last six months. There may have been this grand scheme of 'get rid of people'. Chairperson, I was not part of it, I do not know about it."

But Advocate Pule Seleka challenged Klein, arguing that for a board that was meant to concern itself with saving the utility money, R18-million in settlement arrangements seemed steep. "It doesn't strike one as a board that is really concerned about the financial state of this company"

"Once again, I'm speaking for myself. A company with a turnover of R375-million per annum, with a cost-to-run of R30-million per day ... those are not even comparable," replied Klein.

But Zondo came in to say the R18-million would not be the end of it, because Eskom would have to replace each of the departed executives, at similar cost.

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