



**22 February 2019**

### **Zondo Commission – Eskom must have investor confidence to survive**

Eskom chairperson Jabu Mabuza has told the commission of inquiry into state capture that it is important for the utility to have the confidence of investors and funders, because it relies heavily on this for survival. The power utility operates on a guarantee of R350-billion, some of it used and some unused, that requires that they meet their debt obligations regularly, without defaulting. Any deviation would mean that the utility puts other state-owned entities that have the same arrangement, at risk of having to pay more in return for the loans and investments they have entered into.

This is what the president meant when he said we are paying R1-billion per day, he said, referring to a point in President Cyril Ramaphosa's state of the nation address earlier this month.

It has been an important task for the new board, which was assembled and appointed in January last year, to steer Eskom in a new direction. But the burden of its financial difficulties still remains, said Mabuza.

He learned of his appointment via a telephone call from then minister of public enterprises Lynne Brown, and accepted immediately. Mabuza told the inquiry that because he had been privy to much of the bad publicity that Eskom had received for some years, and also because he had expressed to former president Jacob Zuma not long before then that the leadership of Eskom had to be changed, it would have been disingenuous of him to not accept.

As part of the process of coming in to the new board, each member was asked to make an official declaration of interests. For Mabuza, two issues needed to be dealt with in this regard, because he held a directorship in Sphere Holdings at the time of his appointment. Through Sphere, he has interests in Babcock, which maintains a third of the boilers owned by Eskom. After Mabuza resigned from Sphere, he instructed Standard Bank to place his shareholding in Sphere – standing at 6% - in a blind trust.

On another note, a joint venture between his family and that of his wife, has interests in mining. The Mabuza element of the business is represented by his son, but the main player in the business is Themba Langa. For this reason, said Mabuza, he does not sit in meetings at Eskom that have to do with coal acquisition or suppliers.

On submission of his declaration, Brown told him that it was the first time that she had had a member of the board of Eskom disclosing their interests to this extent. "The only time I get to know of a conflict, is when I sit in Parliament and I'm asked by the opposition," she told him.

For two of the other board members, however, the axe had to fall when matters arose from their previous positions of leadership. Mark Lamberti resigned from the board just over three months after being appointed in April, owing to a racial and gender discrimination case that ended in the court finding against him.

George Sebulela, on the other hand, left the board in October, due to conflict of interest concerns. Had it not been for a declaration by IT company EOH of Sebulela's interest in one of their sub-contractors, Eskom would not have picked up the conflict.

EOH was bidding for a large contract at the time, and when asked to declare if they knew of anyone in leadership at Eskom who had interests in the company, pointed to Sebulela. When a signed document confirming his sub-contractor status in an EOH interest was shown to him, his only explanation was that he has a signature stamp, and this could have been used without his knowledge. An unsatisfied Mabuza proceeded to draft a resignation on Sebulela's behalf, which he forwarded to minister Pravin Gordhan.

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