

Necsa in row over CEO's suspension

The Nuclear Energy Corporation of SA (Necsa) is the latest state-owned company to be hit by internal strife as the board and Energy Minister Tina Joemat-Pettersson engage in a tug of war over the suspension of CEO Phumzile Tshelane.



Tina Joemat-Pettersson

Necsa's role is to process nuclear material and undertake research and development in the nuclear field. It is expected to play a major role in the Department of Energy's controversial R1-trillion plan to construct 9.6GW of new nuclear power.

Numerous complaints have been made to the board about the conduct of Tshelane, who was appointed a little over two years ago. Complaints were also raised about chairman Mochubela Seekoe.

The complaints relate to corporate governance, financial mismanagement and the flouting of appointment procedures. Following a meeting with Joemat-Pettersson this month in which the matters were raised, the board last week resolved to suspend Tshelane and investigate the allegations.

The next day, Joemat-Pettersson wrote to the board acknowledging their "frank discussions" and the issues raised. She undertook to investigate, but also directed that Tshelane return to his duties.

While the Nuclear Energy Act, which governs Necsa, gives the minister the authority to appoint the CEO and remove him, it is silent on whether the board can suspend or discipline him. However, state-owned companies are also governed by the Companies Act, which gives the board authority over the CEO.

Joemat-Pettersson said last week that she had established a task team to investigate "allegations faced by the Necsa and National Radioactive Waste Disposal Institute boards".

"This investigation has been prompted by numerous complaints and allegations levelled against board members and management in relation to corporate governance and management issues," she said.



The day after his suspension, Tshelane reported for work, only to be barred by security. By lunchtime, the National Education, Health and Allied Workers Union was picketing against his "illegal and unprocedural" suspension.

Necsa is the latest in a string of state-owned enterprises to experience governance problems. Eskom, South African Airways and PetroSA have been plagued by boardroom dramas, characterised by conflict among the board and between the CEO and nonexecutive directors.

A flashpoint for conflict is accountability and reporting lines. While CEOs are accountable to the board, in the case of state-owned companies their appointments are approved by the Cabinet, which creates a second line of accountability.

Adding to the morass is the African National Congress, which frequently plays a role in board and some executive appointments, and to which individual directors are frequently aligned. Neither Necsa nor Joemat-Pettersson had responded to requests for comment by the time of going to press.

Source: *Business Day*

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