



INSTITUTE OF DIRECTORS  
SOUTHERN AFRICA

***State-owned enterprises: Governance  
responsibility and accountability***  
Public Sector Working Group: Position Paper 3





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# Contents

1. Executive summary	2
2. Key terminology used in this Position Paper	4
3. Introduction	5
4. The need for improved governance in SOEs	6
5. Status quo of SOE governance in South Africa	7
6. The current governance environment	9
7. Addressing SOE governance challenges	10
8. Recommendations	13
9. Conclusion	15

# 1. Executive summary

Various governance challenges face South Africa's state-owned enterprises (SOEs), but in particular the following challenges are noted:

## **Government's governance roles:**

Government has different roles in relation to SOEs and these often compete. As the owner of SOEs, Government is a shareholder concerned with returns on investments and other imperatives that are in the interests of the economy at large, such as infrastructure development. It is also a policy maker overseeing the implementation of policies and delivery of services. These include social contributions such as skills development, transformation and job creation as part of the New Growth Path set by Government. Government is also the regulator supervising industry practices and safeguarding the interests of consumers.

## **Independent oversight:**

Independent oversight of SOEs is often diffused. Very few SOEs have effective oversight mechanisms. Political influence in the oversight mechanisms of SOEs may impair their ability to guide SOEs in the fulfilment of their mandates.

## **Economic failure of SOEs:**

SOEs are insulated from failure<sup>1</sup>. They are not allowed to go insolvent because government generally bails them out. Furthermore, if they fail, the option of a takeover bid, which may be viable for private companies, is also out of the question. This means the boards and management may slump into complacency.

## **Setting and measuring performance:**

The setting of performance indicators and measuring the performance of SOEs by the applicable line ministry are often unclear, uncoordinated and vague<sup>2</sup>. Capacity to monitor performance is more often than not lacking in the line ministry.



## **Appointment of the board and chief executive officer:**

SOEs are established to provide strategic goods and services to the country's citizens, whether natural (e.g. energy) or intellectual (e.g. programming), and require suitably qualified and experienced directors and CEOs to look after the affairs of the entities themselves. Government, as shareholder, often in terms of an SOEs enabling legislation, has the right to appoint the board, made up of non-executive and executive directors, which generally includes the chief executive officer<sup>3</sup>. This may create accountability challenges. Furthermore, in some cases these appointments may be politically influenced, which may negatively impact the execution of the SOE's strategy and fulfilment of its mandate.

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1 Wong, C.Y. S. 2004. 'Improving Corporate Governance in SOEs: An Integrated Approach', in Corporate Governance International, Vol. 7. Issue 2. June

2 Khoza, S. 2009. 'Board Independence within SOEs'. The Premier Conference on Corporate Governance. Sandton, 10-11 Sept.

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3 Example: Broadcasting Act (No. 4 of 1999) Sections 12 and 13.

### ***Powers of the board:***

The power of the boards of SOEs is often usurped by Government. Government sets and drives the strategy of SOEs; appoints and dismisses the CEO; and approves financial and major capital expenditures of the SOEs. This creates a complex situation in which various factors contribute to confuse the board as to its powers and their execution.

### ***Roles and responsibilities of stakeholders:***

The boundaries, roles and responsibilities of stakeholders are in many cases not very well-defined, which results in an accountability deficit in SOEs.

In addition to elaborating on the challenges identified above, this Position Paper recommends enhancements to governance practices in SOEs in South Africa so as to ensure appropriate levels of responsibility and accountability are achieved and maintained to enable them to function effectively.

The Position Paper reviews the system of relationships involved in the governance of SOEs and provides clarity with respect to the roles of key functionaries in ensuring and maintaining appropriate lines and levels of responsibility and accountability.

## 2. Key terminology used in this Position Paper

*State-owned Enterprises (SOEs)* – refers to those organisations under the ownership control of the Government of the Republic of South Africa. These organisations are otherwise referred to in the Public Finance Management Act, 1999 (PFMA)<sup>4</sup> as “government business enterprises’ – juristic persons, under the ownership control of the national executive (the line minister), assigned financial and operational authority to carry on a business activity, as their principal business provides goods or services in accordance with ordinary business principles, and are financed fully or substantially from sources other than the National Revenue Fund or by way of tax, levy or other statutory money”.

The definition of SOEs also includes municipal entities, those juristic persons under the ownership control of a local authority as defined in the Local Government: Municipal Finance Management Act, 2003<sup>5</sup>. This Position Paper, however, does not deal specifically with this matter as these entities are subject to a less complex governance structure than is found in entities within the national and provincial spheres of government.

*Government* – refers to the collective of Cabinet and authorities in the three spheres of national, provincial and local government.

*Line ministry* – refers to the Executive Authority responsible for a specific SOE as representative shareholder, as denoted in the PFMA.

*Policy department* – refers to the ministry responsible for enforcing Government’s industry or sector policy, such as energy or communication.

*Shareholder* – refers to the Government of South Africa, with the minister who holds the share in an SOE on behalf of Government, such as the Minister of Public Enterprises.

*State-owned companies* – refers to an enterprise that is registered in terms of the Companies Act as a company, and is either listed as a public entity in Schedule 2 or 3 of the PFMA or is owned by a municipality.



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<sup>4</sup> Section 1 of the PFMA

<sup>5</sup> Section 1 of the MFMA



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### 3. Introduction

There is strong pressure to improve the performance and quality of services delivered by SOEs. The government of President Jacob Zuma has identified a review of the governance regime of SOEs as a core priority.

The performance of many SOEs has been affected by an inadequate governance framework and an inability to balance the commercial, developmental and shareholder objectives imposed on them. In 2008 the then Minister of Public Enterprises, Alec Erwin, expressed the urgency to revamp the governance of SOEs. In his Parliamentary Budget Vote on 13 May 2008, he said failure to provide a coherent regulatory environment could have negative consequences both for the SOEs and the South African economy's growth prospects.

A number of interrelated changes will need to be made if SOEs are to fulfil their role as drivers in the creation of a developmental state in South Africa, balancing socio-economic and political imperatives.



## 4. The need for improved governance in SOEs

The importance of governance for companies, whether private or state-owned, has been underscored by the global financial crises, high-profile corruption scandals, monumental waste of resources and bankruptcy. Despite the noble intent for the creation of SOEs, in many cases and in many countries they are often less productive than companies in the private sector. All too often they have been used as places of patronage for ruling governments. In some cases SOEs function ‘like family businesses controlling or participating in the management’<sup>6</sup> – the ‘family’ in these cases being the leadership of ruling parties.

The unproductive misuse of SOEs has clogged up resources, savings and capacity from both the public and the private sector. The opportunity cost of this is that resources are channelled away from critical priority areas. ‘The need to find resources, to prop up failing SOEs, has also distorted financial systems and monetary policy, at times contributing to wider macroeconomic crisis’<sup>7</sup>.

In general, efforts to improve governance in SOEs have lagged behind the private sector, both in South Africa and elsewhere<sup>8</sup>, despite the enabling regulatory framework in place. A consequence of governance failures in SOEs is the impact this has on the private sector’s ability to perform and contribute to the economy.



Research indicates that problems in governance can be attributed to the poor operational and financial performance of SOEs in general<sup>9</sup>. An effective government shareholder management model that addresses the key challenges of SOEs’ governance will improve the performance of SOEs and better protect the assets of government. Even modest improvements in the efficiency of SOEs in a country could free up financial resources equivalent to 1-5% of its GDP<sup>10</sup>.

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6 Reddy, Y.R.K. and Padmakumar, K. 2008. ‘SOE Governance: International Trends and Uniqueness of Kerala Experiences’. A discussion paper, p.5

7 World Bank. 2006. ‘Held by the Visible Hand – The challenge of SOE Corporate Governance for Emerging Markets’. New York: World Bank Publications. May, p.3

8 OECD (Organisation for Economic Co-operation and Development). 2004. ‘Experience from the regional corporate governance roundtables’. Paris: OECD; OECD. 2004. Survey of Corporate Governance Developments in OECD Countries. Paris: OECD.

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9 Baygan-Robinett, G.H. 2004. ‘Government-led Industrial Restructuring in Transition Economies: The Role of Information, Incentives and Legal Setting’. PhD dissertation, The George Washington University; Chong, A. De Silanes, F.L. 2003. “The Truth About Privatisation in Latin America.” Inter-American Development Bank, Washington, DC, October.

10 Vagliasindi 2008. ‘Governance arrangements for state-owned enterprises’. World Bank Policy Research, Working Paper No. 4542. New York: World Bank Publications.



# 5. Status quo of SOE governance in South Africa

## 5.1 Regulatory environment

SOEs are governed by various specific legislative requirements, which prescribe the governance structures and duties of those structures within the SOEs, *inter alia*:

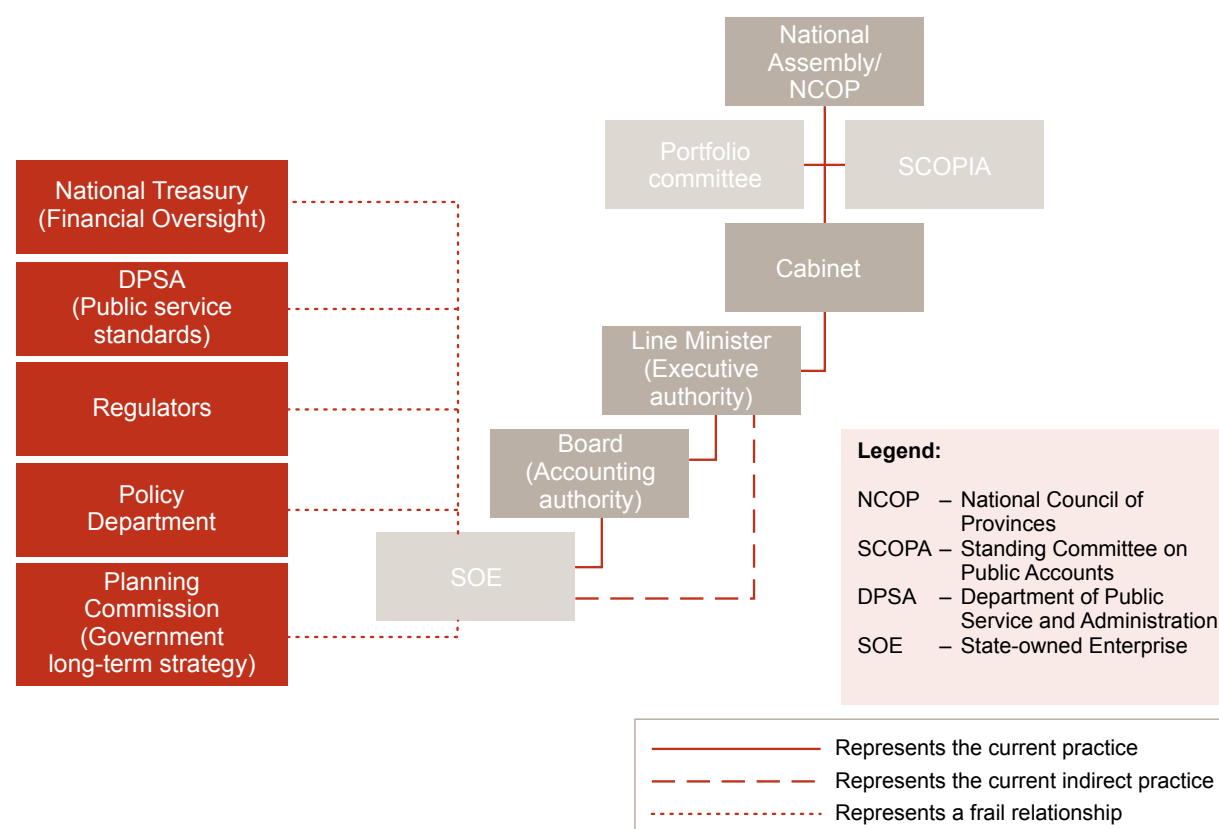
The Constitution, as over-arching law;

- PFMA, as financial management law;
- Any other enabling legislation that established the specific SOE; and
- The Companies Act, 2008.

The 2002 Protocol on Corporate Governance in the Public Sector governs how SOEs are directed, managed and held accountable. It is based on the King II report on corporate governance and is now outdated.

## 5.2 Current governance structures

The typical governance structure of an SOE can be depicted as follows:



(Adapted from Du Toit, H. 2005 'Governance Oversight Role over State-owned Enterprises'. (Pretoria: National Treasury))

Levels of responsibility and accountability often overlap and as a result good governance is negatively affected.

### ***National Assembly / NCOP (Parliament)***

Constitutional oversight of the performance of SOEs rests with Parliament (being the National Assembly and the National Council of Provinces and its portfolio committees, public accounts committees and joint committees). The Standing Committee on Public Accounts (SCOPA) interrogates the annual financial statements of SOEs. Portfolio committees review the non-financial information in annual reports of SOEs, namely, the service delivery performance of SOEs. The challenge facing members of Parliament is to improve the capacity of the policy/parliamentary committees to hold departments and SOEs to account for their performance, using their strategic plans, budget documents and annual reports as the basis for comparison to their mandates, which are set by Parliament.

The Auditor-General, accountable to Parliament, provides audit reports on SOEs. According to the Constitution<sup>11</sup>, the Auditor-General audits the accounts, financial statements and management of all departments or entities required by legislation, except those he has opted not to audit as referred to in Section 25(1) of the Public Audit Act, 2004. This audit includes the audit of reporting on performance against predetermined objectives, otherwise known as performance information. SCOPA interrogates the audit reports of the Auditor-General.

### ***Cabinet and policy departments***

The ultimate authority to direct policy vests in Cabinet. Cabinet, comprising the various ministers, decides on the appropriate and desired policy to meet the mission and mandate of the country.

Through their departments, ministers give policy directives and ensure that the necessary structures, processes and activities are in place within the SOEs to implement policy.

National Treasury, the Department of Public Service and Administration (DPSA) and various regulators provide support in the monitoring of policy implementation through respective financial, public service and regulatory mandates.

### ***The line minister***

As representative shareholder, the line minister as Executive Authority is concerned with a suitable return on investments, and ensuring the financial viability of the SOE. The line minister is responsible for the effective and efficient provision of the service delivery requirements. The PFMA defines the Executive Authority as the Cabinet member who is accountable to Parliament for that SOE.

### ***The board as Accounting Authority***

The board of a SOE is responsible for the performance of the SOE. Its duty is to ensure that the SOE meets the strategic objectives as agreed with the line minister, while at the same time reaching its commercial goals. The board is also responsible to other stakeholders, inter alia, consumers of the SOE's goods and services, lenders, employees and the general public. The board of an SOE also carries certain fiduciary responsibilities in terms of the Companies Act and the PFMA.

Through legislation, various ministries, the Auditor-General and boards of SOEs are mandated to monitor performance. However, various pieces of legislation create confusion as to where these levels of monitoring begin and end.

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<sup>11</sup> Section 188

## 6. The current governance environment

### 6.1 Oversight

Section 92 (3)(b) of the Constitution requires Cabinet to provide Parliament with comprehensive and regular reports on the activities under its jurisdiction. However, Parliament and its committees lack the capacity to effectively scrutinise the strategic, financial, budgetary and delivery plans, and reports of departments and SOEs. This means they cannot effectively monitor the performance of government departments and SOEs, as described in 5.2 above.

Oversight of the performance of SOEs rests with Parliament, the line minister, and the boards of SOEs. Parliament reviews the annual reports of SOEs. The PFMA governs the standards for financial management of SOEs and places the responsibility for the implementation of mandates of SOEs on the Accounting Authority or board, which in turn may assign powers and duties to executive management. However, as noted earlier in this Position Paper, a number of governance role-players have oversight of SOEs and these roles need to be clarified.

The perception that the responsibility to resolve poor performance of SOEs lies with the Executive Authority potentially undermines the board's role. Governance role-players all have a duty to address performance of SOEs, yet effective and continuous communication among these role-players seems to be lacking.

### 6.2 Policy making

As noted earlier, in some cases the line minister, as shareholder, is not responsible for making the policies governing the SOEs. Where policy directives are made by the line minister through his/her department, in which policy making rests, these are often contradictory, unclear or inadequate. There is often no coordination between the minister/department responsible for policy making and the shareholding minister/department, when these two are different. This undermines effective oversight, performance and even the financial sustainability and viability of SOEs.

Government sets policy for the SOEs, while at the same time regulating the SOEs' operations. This provides a potential governance challenge. Regulators may 'pressure firms to undertake certain policies with outcomes to benefit politicians rather than shareholders'<sup>12</sup>. The regulating authorities of many countries often make the mistake of setting regulation not only in a very arbitrary manner, but in such a way that it protects the SOEs over all other social, political or economic goals.



### 6.3 Board composition and appointment

In addition to the Companies Act, the enabling legislation governing an SOE may regulate the board profile and composition, while the PFMA merely establishes the function of the Accounting Authority. The Companies Act goes further to prescribe qualifying criteria for board membership.

The 'Handbook for the appointment of persons to boards of state and state controlled institutions'<sup>13</sup>, issued by the Department of Public Service and Administration determines that 'those responsible for conducting the appointment process must be familiar with the statutory requirements that govern appointments to boards'<sup>14</sup>. The handbook, however, 'represents a stand-alone practical document which is not in any way prescribed in terms of any formal framework, regulation or legislation'<sup>15</sup> and few SOEs are aware of its existence.

Some of these regulatory and policy provisions prevent SOEs from applying certain King III principles, thereby further weakening their governance framework.

12 Sokol, D.D. 2010. 'Competition Policy and Comparative Corporate Governance of State-Owned Enterprises'. University of Florida Legal Studies Research Paper No. 2010-02.

13 Approved by Cabinet on 17 September 2008

14 Department of Public Service and Administration. 2008. 'Handbook for the appointment of persons to boards of state and state controlled institutions' (Pretoria)

15 Ibid.

## 7. Addressing SOE governance challenges

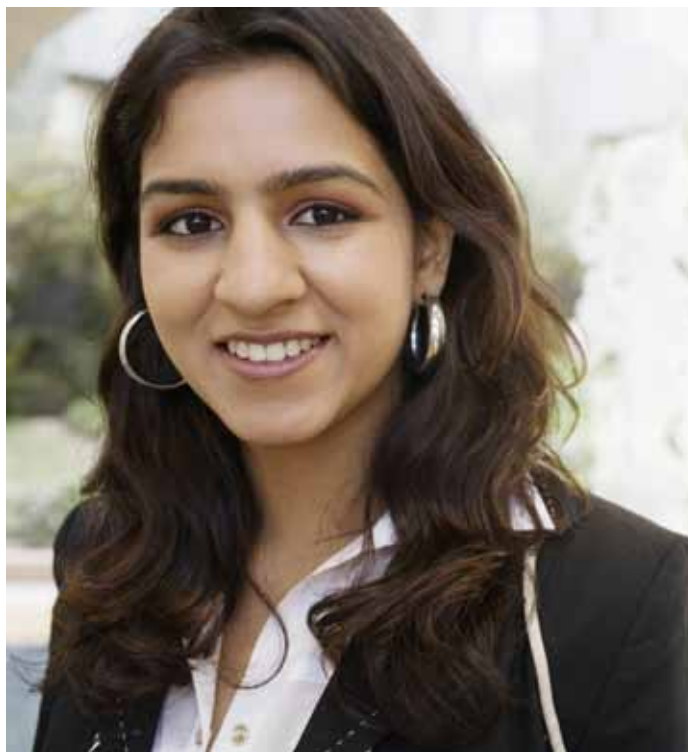
### 7.1 King III and governance in SOEs

The Report on Governance for South Africa 2009 and the Code of Governance Principles for South Africa 2009, collectively known as King III, contain a code of principles and practices on a non-legislated basis. In contrast to King I and King II, King III applies to all entities, both private and public, regardless of the manner and form of their incorporation or establishment. By adhering to King III's key principles, any entity will have practised good governance.

Without detracting from all the other principles contained in King III, a few of the most pertinent principles are highlighted here.

Boards should be at the centre of corporate governance<sup>16</sup>;

- The board should appoint the CEO<sup>17</sup> and should elect the chairman, who should be an independent non-executive director;
  - Boards should ensure SOEs have effective risk-based internal audit<sup>18</sup> and internal financial controls<sup>19</sup>;
  - Shareholders (or in the context of most SOEs, the shareholder) are responsible for the composition of the board. However, a nomination committee should proactively assist with the process;
  - The board should comprise a balance of executive and non-executive directors, with a majority of non-executive directors<sup>20</sup>. Rotation of non-executive directors is recommended to ensure that one third of the non-executive directors retire each year, by rotation;
  - The board should be led by a non-executive chairman who should not be the CEO of the company<sup>21</sup>. The chairman should be reappointed on an annual basis<sup>22</sup>; and
- The performance of the board, its committees, individual directors and CEO should be evaluated annually<sup>23</sup>. An independent non-executive director should lead the processes for the assessment of the performance of the chairman of the board. The evaluation of the CEO's performance should concentrate on his/her performance as a director and as CEO. It leaves open who should conduct the assessment of the CEO. However, the board and the shareholder (Government) could do this, based on transparent criteria. The results and action plans from these evaluations should be disclosed in the integrated report, which will assist the Executive Authority to monitor performance of the SOE.



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<sup>16</sup> King III, Principle 1.1

<sup>17</sup> King III, Principle 1.6

<sup>18</sup> King III, Principle 1.10

<sup>19</sup> King III, Principle 1.11

<sup>20</sup> King III, Principle 1.17

<sup>21</sup> King III, Principle 1.18

<sup>22</sup> King III, Principle 1.18

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<sup>23</sup> King III, Principle 1.23

King III has wider reporting requirements, in that it encompasses the principles of ‘sustainability’ and ‘corporate citizenship’ as part of a greater emphasis on integrated reporting. The emphasis is therefore not only on the interests of the shareholders (as enlightened shareholders, where their interests only are considered), but a more inclusive stakeholder approach. It recommends that the board should take account of the legitimate interests and expectations of stakeholders in its decision making in the best interests of the organisation. Furthermore, a comprehensive strategy for broad-based stakeholder engagement should be developed, based on a sound understanding of stakeholder issues (through meaningful stakeholder participation). Practical management of stakeholder issues will in turn need to be based on reliable management information and the ability of leaders to make sound, balanced judgement calls when responding to legitimate concerns<sup>24</sup>.

Some of King III’s principles that are particularly useful for SOEs, which were not dealt with in King II, on which the Protocol on Corporate Governance in the Public Sector is based, include:

- The need for an annual integrated report that focuses on the impact of the organisation in the economic, environmental and social contexts;
- A statement by the audit committee to the board and shareholders on the effectiveness of internal financial controls is to be included in the integrated report;
- The consideration of the strategic role of IT and its importance from a governance perspective;
- The positioning of internal audit as a strategic function that conducts a risk-based internal audit and the provision of a written assessment of the organisation’s system of internal control, including internal financial controls;
- The governance of risk through formal risk management processes; and
- The need to follow business rescue procedures should it become evident that the entity is distressed.

## 7.2 The Companies Act, 2008 (Act No. 71 of 2008)

The Companies Act, 2008 (Act No. 71 of 2008) was signed by the President on 8 April 2009 and gazetted in Gazette No. 32121 (Notice No. 421). It came into operation on 1 May 2011. It is significant that the previous Companies Act (No. 61 of 1973) did not specify that SOEs had to comply with the Act, while the current one does. The Act refers to SOEs to as state-owned companies, which is abbreviated to SOC Ltd.

The majority of the provisions of the Act that apply to a public company also apply to an SOE unless specifically exempted by the minister or as prescribed by legislation.

SOEs should therefore comply with provisions that apply to public companies, some of which the boards of SOEs have not always been held accountable for.

For further discussion, refer to Position Paper 1: ‘State-owned companies: Companies Act, PFMA and King III in perspective’, issued by the Public Sector Working Group of the IoDSA’s Corporate Governance Network.

## 7.3 The concept of leadership<sup>25</sup>

The concept of ‘leadership’ is not always understood. Leadership is often confused with ‘management’, which results in ineffective leadership and disempowered managers. Within SOEs, leadership roles should be understood with an emphasis on the principles of *Ubuntu*:

- Unity;
- Collective work and responsibility;
- Empowerment; and
- Purpose.

Ultimately, *Ubuntu* should underpin the manner in which an SOE does business. To ensure the sustainability of the SOE, all role-players should adopt an approach that is inclusive, responsible to all stakeholders, not destructive of the environment, contributes to socio-economic development, and demonstrates ethical and disciplined leadership.

24 PricewaterhouseCoopers, 2009. ‘King’s Counsel: Understanding and unlocking the benefits of sound corporate governance’ (Sunninghill)

25 Khoza, RJ and Mohamed, A. 2005. *The Power of Governance: Enhancing the Performance of State-owned Enterprises* (Johannesburg, Pan Macmillan)



## 7.4 SOE performance<sup>26</sup>

The shareholder's compact, required by Treasury Regulation 29, issued in terms of Section 76 of the PFMA, to be entered into between an SOE and the line minister will assist in clarifying the roles and objectives of the respective role-players in SOE governance. The detail of the content and approach for setting a shareholder's compact is not the subject of this Position Paper. SOE performance is also guided by the Framework for Managing Programme Performance Information, issued by National Treasury, which is also not dealt with here. The benefits of the shareholder's compact include:

- Consensus on the strategic mandate and the role of the SOE;
- Conflicting objectives can be avoided or managed;
- Performance expectations are defined; and
- A good balance between performance and conformance may be achieved.

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<sup>26</sup> Khoza, RJ and Mohamed, A. 2005. *The Power of Governance: Enhancing the Performance of State-owned Enterprises* (Johannesburg, Pan Macmillan).



## 8. Recommendations

The following recommendations are made in addressing the seven challenges noted in the executive summary:

### ***Government's governance roles<sup>27</sup>***

The various SOE role-players in Government should clarify their respective shareholder, policy maker and regulator roles through formal means (e.g. Protocol on Corporate Governance in the Public Sector). This would ensure that the key participants have distinct areas of responsibility, which are aligned with their objectives and mandates, with reporting lines among role-players and to the Presidency. This will enhance the effective monitoring of SOEs.

### ***Independent oversight***

The various levels of oversight, whether it be strategic, policy or shareholder, should be clarified and codified in formal terms of reference and memorandums of understanding to ensure clarity is achieved where oversight lines are 'blurred'. Such terms of reference and memorandums of understanding should be signed by all parties concerned in the presence of the Speaker of Parliament. This aligns to the principle of 'co-operative governance' enshrined in the Constitution.

### ***Economic failure of SOEs<sup>28</sup>***

Although SOE board members serve specified terms of office, performance assessments for SOE board members should be formalised in individual performance agreements, linked to the shareholder's compact.

### ***Setting and measuring performance<sup>29</sup>***

Clear performance expectations should be set in a shareholder's compact. Capacity should be developed within Parliament and the line ministry to monitor performance with respect to the shareholder's compact.



### ***Appointment of the board and executives***

Boards should comprise a majority of independent directors. Non-executive directors should be independent individuals of calibre and credibility with the necessary skill, specialist expertise and knowledge to bring judgment to bear (independent of management) on issues of strategy, performance and evaluation, resources and standards of conduct. Executive directors are accountable to the board. The board should stipulate the CEO's (also CFO and COO as applicable) accountability and reporting responsibility to the board in the shareholder's compact and the CEO's employment terms. The board should play a proactive role in engaging Government on the appointment of the CEO. Appointments to SOE boards should be guided by the best practice established in the 'Handbook for the appointment of persons to boards of state and state controlled institutions<sup>30</sup>' discussed in 6.3 above. However, where the principles of King III are departed from, the SOE should explain why these have not been applied.

27 National Treasury. 2005. 'Governance Oversight over State-Owned Entities'. Pretoria: Government Printers

28 Wong, C.Y.S. 2004. 'Improving Corporate Governance in SOEs: An Integrated Approach', in Corporate Governance International, Vol. 7. Issue 2. June

29 Khoza, S. 2009. 'Board Independence within SOEs'. The Premier Conference on Corporate Governance. Sandton, 10-11 Sept.

30 Approved by Cabinet on 17 September 2008

## ***Powers of the board***

SOE boards should be empowered within the context of a shareholder's compact and with effective and ethical leadership as the baseline priority. Such a shareholder's compact should be reviewed annually in light of the varied challenges, both internally and externally, that SOEs face. The board should be allowed to appoint executives as this will assist them in ensuring that the board achieves the required performance.

## ***Roles and responsibilities of stakeholders***

Boundaries, roles and responsibilities of stakeholders may be defined by establishing or updating the governance framework. This should include detailed terms of reference for all stakeholders, ultimately agreed to and approved by the line ministry. However, good strategic governance, apart from administrative governance, would also require a proper understanding of the concept of leadership, as discussed above.

Transparency can also be promoted through informal means such as stakeholders regularly interacting and remaining in frequent dialogue<sup>31</sup>. 'Frequent meetings that are held between the board, senior management and relevant departmental officials on the performance and strategic issues facing the enterprise, effectively maintains a 'no-surprises' approach between parties and enables departmental officials to provide timely and informed advice to ministers. Ministers will also face scrutiny through practices that promote continual accountability.'<sup>32</sup>

We recommend that regular interaction between SOEs and their stakeholders be formalised. 'The board should oversee the establishment of mechanisms and processes that support stakeholders in constructive engagement with the SOE and the board. These mechanisms and processes should be incorporated in the stakeholder policies<sup>33</sup>'.

Through such practices, which foster 'continual accountability', ministers will also naturally face scrutiny.

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31 DRC/ERI-OECD. 2005 'Policy Dialogue on Corporate Governance in China'. 19 May 2005, Beijing, China

32 Ibid.

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33 *King Report on Governance for South Africa 2009*. (Sandton, IoDSA)

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## 9. Conclusion

The application of good governance in SOEs should be supported by a thorough understanding of the concept of leadership; a clear demarcation of the roles of key players in the SOE governance environment; measurable performance indicators established in a shareholder's compact, holding the board and management accountable for the performance of the SOE and its conformance to its strategic mandate.

It is hoped that the work of the Presidential Review Committee recently established to consider the role of SOEs in the achievement of the country's growth path goals, will result in a clear and more robust SOE governance framework.









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