

**Date: 07 December 2018**

**MEDIA STATEMENT BY THE MINISTER OF ENERGY MR  
JEFF RADEBE AND THE DEPUTY MINISTER OF ENERGY  
MS THEMBSILE MAJOLA ON THE NECSA BOARD**

As the Department of Energy, we have over some time now been engaged with the South Africa Nuclear Energy Corporation (NECSA) over various serious challenges encountered that impacted their capacity as they executed their statutory mandate.

After my recent appointment as the Minister of Energy, I endeavoured to familiarise myself with the challenges at NECSA with a view to ensure their speedy resolution. However, the continued ineptitude and deliberate acts of defiance by some of the board members resulted in various setbacks and losses, such as the non-production of medical isotopes for over a year following the shutdown of the NTP (a subsidiary of NECSA) which the NECSA board failed to resolve when it was within their capacity to do so. The acts of some defiant Board members unfortunately affected the efficacy of the entire board thereby seriously compromising its ability to collectively discharge its

fiduciary duties both in respect to NECSA and its subsidiaries, particularly the NTP.

Much of the challenges in this regard, therefore, pertained to governance issues of the Board in providing effective oversight over NECSA and its subsidiaries.

On a number of occasions, the NECSA Board failed to execute its statutory mandate in a satisfactory and prudent manner. In many such instances, it appeared to be deliberate acts that ran contrary to the fiduciary duty of the Board over the affairs of NECSA. NECSA continued to defy the express instructions of the shareholder and consequently, whether by commission or omission, undermined the efforts to speedily resolve the regulatory concerns to enable the resumption of the NTP production activities.

For instance, in my capacity as the Minister of Energy and as it is also the case with every Minister, I ordinarily delegate some functions to the Deputy Minister to enable proper, effective and efficient executive oversight over our responsibilities as government. In this instance and amongst others, I delegated to the Deputy Minister Ms Thembisile Majola responsibilities of oversight on the work of the NTP for which she had to directly liaise with its Board of Directors. In an example of such defiance by NECSA was an instruction issued to the NTP Board by the

NECSA CEO instructing them to desist from liaising directly with the Ministry. Later, the NECSA Chairperson wrote a letter to the Minister complaining about how direct liaison between the NTP Board and the Deputy Minister resulted into what he called an untenable situation. If there was initially any doubt about the actions of the CEO in respect to his instruction to the NTP to ostensibly defy the Executive, it became clearer in this letter that the NECSA Board Chairperson wrote that they were one in intent and purpose of what the CEO had done.

As a result of the many challenges pertaining how NECSA handled both its own affairs and those of its subsidiaries, in my capacity as shareholder representative, I decided to convene a meeting with the NECSA board. The purpose of the meeting was to bring to the Board's attention their very unsatisfactory conduct and to find solutions to the many governance challenges facing both the Board and NECSA as a whole, including its subsidiaries.

Among the issues raised with the Board members and generally relating to their own conduct or failure therein to prudently exercise their fiduciary duty, were the following serious governance matters:

- a) repetitive instances of legislative non-compliance;

- b) non-adherence to specific shareholder instructions and/or directives;
- c) financial mismanagement;
- d) remuneration irregularities;
- e) unauthorised international travel;
- f) the issuing of misleading, inaccurate and/or defamatory media statements on a number of matters sensitive to the industry, NECSA itself and/or other relevant stakeholders;
- g) signing Memoranda of Understanding with foreign entities against the expressed instructions of the shareholder;
- h) the numerous irregularities and concerns raised by the Auditor-General of South Africa (“**AGSA**”) during the 2017/18 audit process, which to date remain incomplete and compromises the financial integrity of the organisation; and
- i) the NECSA Board’s inability to ensure the return to full operational functionality, of the crucial NTP Radioisotopes manufacturing facility, almost a full 12 months since the facility was shut down by the National Nuclear Regulator (“**NNR**”) due to serious safety irregularities.

In a meeting with the NECSA Board, both myself and the Deputy Minister Thembisile Majola emphatically expressed our concerns about the Board’s failure in its statutory duties to

address the very serious transgressions and failures raised above.

Subsequently we requested the NECSA Board members to give compelling reasons as to why they should not be relieved from their positions on the NECSA Board.

Following the receipt of the NECSA Board members' representations, we were still not convinced that the Board would be able to resolve the challenges at NECSA hence we decided to relieve the entire Board membership of its duties.

Following the dissolution of the NECSA Board, a process to appoint a new Board was kick-started in earnest hence the Cabinet meeting of 5 December 2018 approved the appointment of a new NECSA Board consisting of the following members:

1) Dr Rob Adam – Chairperson:

Both public and private management experience at the highest levels as former Director General and as Group Executive in the Nuclear sector

Dr Ramatsemela Masango

Qualified Nuclear Engineering Specialist with experience on Nuclear Compliance Assurance and Nuclear Licensing.

2) Mr Aadil Patel

Labour Law and Human Resource Specialist

3) Mr Bishen Singh

Experience Finance Executive with extensive experience in the Research environment

4) Ms Pulane Kingston

Corporate Law specialist with a wide range of private sector experience

5) Ms Matlodi Ngwenya

Human Resources Specialist

6) Mr Jabulani Ndlovu

Experienced Corporate and Human Capital executive at the highest levels in the private sector

and

7) Dr Pulane Elsie Molokwane

Qualified Nuclear Physicist and a Commissioner of the National Planning Commission.

We are very confident that these new Board members will bring the kind of leadership stability and insight necessary and essential for the successful implementation of the NECSA Board's institutional mandate, by restoring its credibility and integrity on governance matters. They bring along a wealth of diverse expertise and working experience, which will be pivotal in lifting NECSA from its current situation to a robust, functional and financially sustainable institution that is capable of meeting its statutory and institutional obligations.

Meanwhile, Mr Phumzile Tshelane the NECSA Group Chief Executive Officer (*being an ex-officio Board member*), has been placed on precautionary suspension. An investigation will be initiated to ascertain the complete extent of the alleged irregularities, and dependent on the results thereof, the institution of disciplinary proceedings may (*or may not*) be necessary.

As a consequence of the CEO's suspension, I am pleased to inform you that Mr Don Robertson has agreed to come back to

NECSA as an interim CEO. Mr Robertson is a former Managing Director of NTP with extensive experience in the nuclear energy sector. He will assist the Board to restore good governance and bring financial sustainability to the organisation.

As the Department of Energy we remain wholly committed to ensuring good-governance and the long-term financial and operational sustainability of the NECSA Group of Companies. This is more so as nuclear energy continues to play a multiplicity of critical roles in our economy, amongst which as indicated above, is the production of the crucial medical isotopes through the NTP, which as a consequence of failures by the former NECSA board had been seriously compromised over the past 12 months. Consequently South Africa, which currently produces over half of the global market needs, was at risk of losing its market share and competitive edge in the production and sale of the medical isotopes.

We are therefore fully confident that South Africa will continue to position itself to be on the cutting edge of nuclear technology and related developments to secure the country's future economic development.

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***For enquiries: Mr Lloyd Ganta: Deputy Director General on  
Governance and Compliance***

***Email: [Lloyd.Ganta@energy.gov.za](mailto:Lloyd.Ganta@energy.gov.za)/  
[mediadesk@energy.gov.za](mailto:mediadesk@energy.gov.za)***

***Mobile number: 0824498790***