

Maroga claim shows bosses' excess

Ann Crotty

WHATEVER the outcome of his controversial R85 million claim against Eskom, Jacob Maroga, the former chief executive of the troubled energy parastatal, will certainly receive R9m in Eskom 'shares' that were awarded to him in 2007 and 2008.

As trade union Solidarity points out, in 2008 Maroga was also paid R3.9m and in 2009 he received a salary of R5m.

"Maroga has already made millions out of Eskom, despite the fact that he led the company deeper into trouble," said Solidarity's Dirk Hermann.

Maroga's claim against Eskom, the strength of which hinges entirely on whether he resigned or was pushed, highlights a critical aspect of executive remuneration in the 21st century – the growing disconnect between pay and performance.

That disconnect has bred a sense of entitlement, which ensures that no senior executive,

no matter how badly he has performed, parts from a company without banking a multimillion rand farewell package.

Certainly Eskom's most severe problems cannot be blamed on current management – the damage goes back decades and involves a wide array of inept parties. But Eskom's remuneration policy, as with many of the other parastatals, reflects the value-destroying combination of the worst excesses of the private sector and the lack of accountability of the public sector.

It wasn't always so. For the first few years after 2002, when the JSE made disclosure of executive remuneration a reporting requirement, parastatals appeared to be insulated from the "mine-must-be-bigger-than-yours" mindset that drove executive pay in the private sector.

The first sign of disturbing change was in 2005 when Transnet chief executive Maria Ramos was awarded a multimillion rand package.

R85m

The sum former Eskom chief wants as handshake

There was no hint of the corroding dysfunctional relationships that were about to break into the public arena when Eskom released its 230-page annual report last year.

It includes a section on corporate governance that begins somewhat serenely with "Good corporate governance is essentially about effective leadership. It requires leadership that is able to integrate decision-making, strategy and sustainability."

An earlier section of the report discusses Eskom's "remuneration philosophy", which is to link "management remuneration to the performance of the organisation and an individual's

contribution", adding "market factors are also crucial as reward and remuneration must be kept at levels that will assist us in retaining key leadership skills".

This is the all-important sentence, which is designed to explain to everyone who is not an executive why executive remuneration must move inexorably upwards regardless of corporate performance.

For the layperson there appears to be sufficient performance-related conditions included in the remuneration section to preclude Maroga from making claims on Eskom. But one sentence trumps everything: "The chief executive is on a fixed-term contract approved by the board and the shareholder."

Perhaps the most galling part of it all is that, just as our institutional fund managers are too compromised to challenge private sector remuneration excess, our senior politicians are too comfortable to challenge the parastatal excess.

	
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<p>Before that in 2001, former SAA chief executive Coleman Andrews received a record-breaking golden handshake of R232m, even though the airline posted a net loss of more than R700m for that year</p>	<p>Last year the SABC paid R11m to former group chief executive Dali Mpofu. Mpofu took the broadcaster to court after he was suspended for suspending then head of news and current affairs Snuki Zikalala</p>
	
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Source: DA

	
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