

**NATIONAL ASSEMBLY**

**QUESTION FOR ORAL REPLY**

**QUESTION NUMBER: 376 [NO3693E]**

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**★376. Mrs J D Kilian (Cope) to ask the Minister of Finance:**

- (1) In view of a perception that Treasury will always bail out poorly-managed public-owned entities, what specific measures will he institute to reinforce the message that failure or disregard of agreements will have consequences;
- (2) whether he will consider a condition that performance bonuses paid out to executives of poorly managed public-owned enterprises should be repaid to the National Fiscus before any further government (i) guarantees or (ii) grants can be extended; if not, what is the position in this regard; if so, what are the relevant details?

NO3693E

**REPLY:**

- 1) Funding appropriations, including allocations to public entities, are endorsed annually by Parliament through the Appropriations Act. In terms of Section 70 of the Public Finance Management Act (PFMA), guarantees are issued by the Executive Authority for that public entity with the concurrence of the Minister of Finance.  
The consequences for failure or disregard of agreements will be enforced through Section 38 of the PFMA read in conjunction with Section 81 and through Section 54 of the PFMA read in conjunction with Section 83.
- 2) In line with the Companies Act (2008) and good governance as specified in King III, remuneration policies for public entities are approved by the Executive Authority and the performance bonuses for the executives are determined, within the approved remuneration policy, by the Boards and

paid out from the entity's resources. This promotes the accountability of the CEO to the Board for delivering on the set performance objectives, while the Executive Authority is responsible for holding the Board accountable for delivering on the objectives as agreed in the shareholder compact.

No bonuses should be paid to executives in poorly managed and underperforming entities.