

Rebooting State-Owned Companies in South Africa: Exploring the Viability of Singapore's State Holding Company (Temasek) Model of Ownership and Control

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Abstract

This article joins the growing discourse in search of a responsive governance model for state-owned companies (SOCs) in South Africa capable of engendering corporate governance and financial viability. The Singaporean state-holding company model of the ownership and control of SOCs (Temasek model), at the heart of which is Temasek Holdings, is widely considered the gold standard of corporate governance and financial viability across the SOCs landscape. Policymakers and scholars alike have proposed adopting this model in South Africa. However, the proposals have fallen short of critically examining the model's salient attributes, the legal and regulatory environment within which it operates, and the model's socio-political and economic logic to test its viability in the South African context. This article closes this gap by conducting a four-pronged examination of the model. First, it provides a nuanced understanding of the nature of the so-called "Singapore Inc". Secondly, it delves deeper into the model's anchoring legal and regulatory framework. Penultimately, the promise and pitfalls of the model are identified. In conclusion, it is argued that the Temasek model is exceptional in many respects and that its exceptionalism necessitates a cautious and nuanced adoption that considers the idiosyncratic circumstances of South Africa. In this regard the article proposes adapting the Temasek model and argues that the model can apply only to SOCs with commercial orientation. It proposes a super-agency akin to the Chinese State-Owned Assets Supervision and Administration Commission of the State Council (SASAC) for non-commercial entities to discharge centralised ownership and control functions. In essence the article argues that a viable model of ownership and control for SOCs capable of engendering sound corporate governance and financial viability in South Africa's SOCs is not a single entity model in the form of a state-holding company but rather a twin-track model with one track catering for commercial entities and another for non-commercial entities.

Keywords

Singapore state-holding company; Temasek; government-linked companies; state-owned companies; ownership and control; corporate governance.

Ideas have wings. No legal system of significance has been able to claim freedom from foreign inspiration.¹

1 Introduction

There is widespread agreement in South Africa that state-owned companies (SOCs) are failing for several reasons, including corruption, poor corporate governance, and political interference enabled by a poorly designed ownership and control model.² As a result, a public discourse about a viable model that can deliver efficiently-run SOCs capable of advancing a transformative developmental agenda is underway. This article examines the possibility of replicating the model of ownership and control of Singapore's state-owned companies (domestically known as government-linked companies (GLCs)) under the parentage and tutelage of Temasek — a state investment holding company.³ Temasek and its subsidiary GLCs are a world-renowned "unusual breed"⁴ of SOCs considered the "gold standard"⁵ of corporate governance, efficiency, profitability and competitiveness, both domestically and globally. Singapore's economic prosperity is said to be mainly attributable to the success of Temasek and the GLCs. For this reason it is contended that efficiently run SOCs operating within a well-designed ownership and control model could also help to address the socio-economic ills confronting South Africa.

This article comprises five parts: the first part presents a *tour d'horizon* of the different types of ownership models and locates both Singapore and South Africa in the established taxonomy of ownership models. The second part explores the socio-economic, political and cultural context in which the Temasek model exists and operates. The third part examines the enabling legal and regulatory environment in Singapore. In the fourth part, the focus shifts to the finer details of the Temasek model and how it shapes its subsidiaries' corporate governance practices. Finally, the article considers the promise and pitfalls of the Temasek model from a South African

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¹ Hahlo and Kahn *South African Legal System* 484.

² Presidential Review Committee of State-Owned Entities 2013 <https://www.gov.za/documents/report-presidential-review-committee-prc-state-owned-entities-soes> (PRC Report 2013). This report surveyed extensive academic literature and government reports, all of which lament the poor state of governance in SOCs.

³ GLCs are subsidiaries or associated companies in which Temasek holds at least 20 per cent of voting shares. They are also called "Temasek-linked companies"; Tan and Wang 2007 *JCLS* 173. Also see Sim *Does State Capitalism Work in Singapore?* 66.

⁴ Ramirez and Tan 2003 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=879232; Lin and Milhaupt 2013 *Stan L Rev* 697-759.

⁵ Milhaupt and Pargendler 2017 *Cornell Intl LJ* 521.

perspective, recognising that the replicability of any model must take into consideration the peculiar context that gave rise to and sustains such a model.⁶

It is important to note that the primary focus of this article is the Singaporean approach to ownership, control and governance of SOCs.⁷ Although parallels to the South African position are drawn throughout this article, it neither provides an in-depth analysis of the country's current ownership and control arrangement⁸ nor engages the recently proposed model contained in the *National Enterprises Bill* of 2023.⁹

2 Locating Singapore and South Africa in a taxonomy of ownership and control models

There are three conventional ownership and control arrangements: the decentralised, the dual and the centralised models. Under the decentralisation model, state ownership is dispersed across government departments (ministries). No single agency or department exercises shareholder powers and provides oversight of the running of SOCs. Some of this model's key advantages and rationale lie in the sector expertise that various departments have and their capacity to implement a more active industrial policy. With this expertise and ability to craft and implement an active industrial policy, the sector departments are believed to have the capacity also to play meaningful oversight and shareholder roles in respect of SOCs. A key criticism of the model is that separating the ownership function from other roles, such as the regulatory role, is often difficult. When a single department plays various roles (ownership, policy formulation and regulation) vis-à-vis a SOC, such a department necessarily gets "too close" to the day-to-day affairs of the SOC, which sometimes leads to an inclination to interfere in the operational affairs of the SOC.

⁶ In this regard, refer to the views of Tan, Puchniak and Varottil 2015 *Col J Asian L* 61-97. The authors explore the extent to which the Singapore model can be transplanted to other jurisdictions.

⁷ The PRC Report 2013 has recommended a centralised ownership model for commercial entities in the form of a state holding company: see recommendation 2(m) of ch 2. Also see Soko *South Africa and the World* ch 6 para 2. Here the author primarily explores the success of Singapore and Temasek but does not venture much into the key attributes of the model of ownership and control. Others have also compared Singapore and South Africa without necessarily evaluating the Singapore model in any detail. See, for example, Adebayo 2022 *Journal of Management and World Business Research* 45-71.

⁸ For a comprehensive analysis of the South African model, see generally, Thabane *Ownership and Control Architecture*.

⁹ This article was written before the release of the draft *National Enterprises Bill* of 2023 (GN 3882 in GG 49312 of 15 September 2023) and the *Revised National Enterprises Bill* of 2023 (GN 4242 of GG 49978 of 9 January 2024). Therefore, the new developments are not included in this article.

With the dual model, two departments collectively share the ownership responsibility for SOCs. Typically this arrangement involves a sector department and a "common" department, usually the treasury. The rationale behind the duality of ownership is that the treasury focusses on the economic efficiency and the impact of SOCs' performance on the fiscus, while the sector department concentrates solely on ensuring that SOCs are successfully run from an industrial policy perspective. With different departments bringing a distinct focus to the ownership arrangement, this model can improve the balance between the government's regulatory policy, its industrial policy and its financial priorities. However, this may also present a problem in that these departments may have conflicting shareholder expectations and objectives which the SOCs may be unable to fulfil concomitantly. To illustrate, the treasury may have an objective of enforcing budgetary discipline in its quest for fiscal management, while a sector department may have an expansionist objective in line with a set policy, the pursuit of which would then strain the fiscus.

As the name suggests, the main characteristic of the centralisation model is that the ownership function is centralised in one department or agency. This model arguably helps separate the ownership function from other state functions, such as industrial policy formulation and regulation. It also helps with accountability, as SOCs do not have to achieve conflicting shareholder objectives. The ownership of SOCs lies with a single holding company, such as Temasek, which owns shares in all SOCs on behalf of the state.¹⁰ Some benefits of this model are that it decreases political interference in the management of SOCs, thus allowing for more flexibility, autonomy and authority for their boards.¹¹

Lately the "twin-track model" has emerged.¹² This model straddles the dual and centralised models. Two categories or portfolios of SOCs are exclusively owned and overseen by two different institutions: a ministry, a department, a government agency, or a state holding company. Due to the involvement of two institutions, the model appears to be dual, yet the fact that a single institution owns a whole portfolio of SOCs makes the model appear centralised. In effect, however, this model is neither dual nor centralised. It is not dual because two institutions do not simultaneously exercise ownership or shareholder functions over the same SOC. It is also not centralised because no single institution exercises ownership functions over all SOCs, as with a centralised model. Therefore, the "twin-track" tag

¹⁰ Khai "Corporate Governance Reform" 269-299. The author focusses on the evolution of Singapore's GLCs, paying particular attention to Temasek Holdings, which owns all of Singapore's GLCs. He also focusses on the ideology underpinning Temasek and the political pressures and paradoxes it faces.

¹¹ OECD *Ownership and Governance of State-Owned Enterprises* 16.

¹² OECD *Ownership and Governance of State-Owned Enterprises* 19.

aptly captures the essence of this model. Two broad portfolios (twin tracks) of SOCs are typically divided along commercial and non-commercial tracks, with two distinct shareholder institutions overseeing each track.

Where South Africa falls in the taxonomy explored above is far from clear. At face value, state ownership was, until recently, centralised in the dedicated Department of Public Enterprises (DPE). However, the DPE supervised only a handful of SOCs, including Eskom, Transnet and South African Airways (SAA). Different sector departments fulfil ownership functions over other sector-specific SOCs; for example, the Department of Communications and Digital Technologies (DCDT) exercises shareholder functions over the South African Broadcasting Corporation (SABC). It appears that ownership is dispersed across departments, giving the impression of a decentralised ownership model. However, in some instances the National Treasury has played what seems to be an ownership function over SOCs overseen by other departments, thus creating the impression that the South African model is dual. It is submitted that the South African model cannot be easily pinned to any model in the established taxonomy of ownership and control of SOCs.

3 "Singapore Inc.": A socio-economic, political and cultural context

Singapore is a small city-state that became a British crown colony in 1945. In 1963 it became part of the Federation of Malaysia after the withdrawal of the British. However, the Malaysian Federation soon crumbled, forcing Singapore to become an independent state in 1965.¹³ Singapore was a precarious state with no natural resources, rendering its viability as an independent state almost improbable. This grim reality shaped the political and economic outlook of the governing People's Action Party (PAP), which has governed the country since independence. Singapore's neophyte government had to embark on an ambitious growth path to survive and succeed as an independent state. To this end, the country's first prime minister is said to have modelled Singapore on his values of discipline, a strong work ethic, ethnic tolerance and excellence in education.¹⁴

On the political front, a governance model characterised as "soft authoritarianism"¹⁵ in nature and one that operates a system of

¹³ See generally Vietor and Thompson 2003 <https://hbr.org/2009>.

¹⁴ Yew *From Third World to First* 3 and 19.

¹⁵ Mutalib 2000 *TWQ* 318. A "soft authoritarian" system is one where some democratic norms are permitted, and opposition is tolerated to the extent that it does not threaten the governing PAP's hegemony.

"authoritarian constitutionalism"¹⁶ imbued with "authoritarian pragmatism"¹⁷ was adopted to realise the dream of a prosperous Singapore. It appears that there is no genuine political pluralism in the country and that although there is a modicum of free and fair elections, some degree of repressive control of expression essentially renders the country an "illiberal democracy".¹⁸ Although labelled a soft authoritarian state and an illiberal democracy, Singapore has consistently been remarkably transparent and is one of the least corrupt countries in the world.¹⁹

Notably, when Singapore gained independence it faced enervating levels of unemployment, poverty, high public expenditure, a budget deficit and no natural resources. To overcome these challenges the independence government adopted a programme of social reform that would be attained through aggressive industrialisation, explicitly led by the state through GLCs. Yet industrialisation through state entrepreneurship was not necessarily grounded in ideology. Instead, it was adopted out of a realisation that the control of strategic domestic markets was the most pragmatic way of attaining economic growth. It was also a practical response to an existential threat brought on by the fact that Singapore was an independent country without a hinterland and faced nearly insurmountable societal issues at the time of independence. Over time, GLCs have not only served the original mandate of economic growth but have also helped the governing PAP to gain political legitimacy as a delivering party of the people.²⁰ It is, therefore, plausible to suggest that there is both economic and political logic behind state ownership in Singapore.

The state's control of the economy through GLCs accounts for over one-third of the stock market, rendering it the single largest shareholder on the Singapore Stock Exchange (SGX).²¹ GLCs deliver greater market returns and are highly valuable, attracting a premium of 20 per cent compared to non-GLCs.²² Furthermore, they are run efficiently, with relatively lean operating structures. It is contended that Singapore's "state capitalism", led by GLCs, debunks the so-called "Washington consensus", which is a neo-

¹⁶ Tushnet 2015 *Cornell L Rev* 391-461.

¹⁷ Tan 2012 *Journal of Contemporary Asia* 89. The author argues that Singapore is largely driven by pragmatism underpinned by a strong link between economic growth and an authoritarian, meritocratic and technocratic system of governance. Also see Carney "Dominant Party Authoritarian Regime" 214-257.

¹⁸ On the lack of political pluralism, see Rodan 2006 *Asian Survey* 180-186. On "illiberal democracy", see Mutalib 2000 *TWQ* 318.

¹⁹ See Transparency International 2022 <https://www.transparency.org/en/cpi/2022>, which ranks Singapore fifth out of 180 countries on the corruption perceptions index.

²⁰ Tan, Puchniak and Varottil 2015 *Col J Asian L* 69.

²¹ Tan, Puchniak and Varottil 2015 *Col J Asian L* 67.

²² Ramirez and Tan 2003 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=879232.

liberal economic view that the state is an inefficient owner, and that true economic prosperity can be driven only by private business with a hands-off state.²³

Culturally, the government and the PAP have entrenched an ethos of service and meritocracy in both the private and public sectors. This is underpinned by Confucian values and ethics that include higher obligations to society, leading to a productive people and an entrenched work ethic in society.²⁴ In turn, these cultural values are said to create a disciplined and prosperous nation.

Undeniably the story of Singapore's economic success, which is unmatched by many advanced economies, is exceptional. It is an economic miracle underpinned by a culture of efficiency, meritocracy and a strong work ethic permeating society's fabric. For this reason, the country is often called "Singapore Inc.", signifying the corporate ethos that characterises its overall governance and success.²⁵ This context having been established, the next part of this paper examines the legal and regulatory landscape that gave birth to and guides the operations of Temasek and its subsidiary GLCs.

4 The legal and regulatory framework governing Temasek and GLCs

Both Temasek and GLCs are incorporated under Singapore's *Companies Act*.²⁶ The Act provides various ways of classifying companies, with the most common classifications being whether the liability of members is limited and whether a company is "private" or "public".²⁷ Interestingly, Temasek and other GLCs are incorporated as "exempt *private* companies".²⁸ This type of company is exempted from filing financial statements with their annual statements.²⁹ It is submitted that this exemption is curious because it can compromise transparency. Recently a similar

²³ Puchniak "Multiple Faces of Shareholder Power" 511-534. The author examines the complexity of shareholder power in the Asian "miracle economies". On the Washington consensus, see Williamson "What Washington Means by Policy Reform" 1.

²⁴ Kheng-Boon 2000 *HKLJ* 91-119; Jer 1999 *Sing L Rev* 61.

²⁵ Low 2002 *Southeast Asian Affairs* 283-289.

²⁶ *Companies Act* 42 of 1967.

²⁷ Lan *Essentials of Corporate Law* 27.

²⁸ Chapter 50, s 4(1)(a) of the *Companies Act* 42 of 1967 defines an "exempt private company" as "a private company in the shares of which no beneficial interest is held directly or indirectly by any corporation" while s 4(1)(b) defines it as "any private company, being a private company that is wholly owned by the Government, which the Minister, in the national interest, declares by notification in the Gazette to be an exempt private company." In terms of s 201, an exempt private company is not required to appoint auditors. Also see Hong *Annotated Singapore Companies Act* 17 for commentary on the Act.

²⁹ Sections 4 and 163 of the *Companies Act* 42 of 1967.

exemption was adopted by the South African National Treasury through an instruction note exempting SOCs from reporting on irregular expenditure.³⁰ Exemptions of this nature may potentially lead to distorting the financial health of SOCs and may inadvertently lead to lax financial governance.

Other than the exemption from having to file financial statements, Singapore's GLCs do not enjoy any other special treatment under the *Companies Act* simply because they are state-owned. By contrast, South African SOCs can be wholly, partially or conditionally exempt from the application of the South African *Companies Act*.³¹ Singapore's GLCs are also not subject to statutes other than the *Companies Act*, and this arguably augurs well for corporate governance, because the *Companies Act* is the only statute that comprehensively regulates governance, thus leaving little room for overregulation, inconsistency and overlaps between various statutes.

The position in South Africa is different. It has been claimed that "regulatory dualism" obtains in South Africa because SOCs are governed by the same corporate laws and governance codes as other companies, such as the *Companies Act 71* of 2008 and King IV. SOCs are also distinctly subject to laws and protocols that apply only to government entities, such as their corporatising statutes,³² the *Public Finance Management Act 1* of 1999 (*PFMA*) and the Protocol on Corporate Governance in the Public Sector (Protocol).³³ The dualism in regulation results in "regulatory diversification", the rationale of which is the realisation that "actors being regulated are not homogenous in their needs for regulation"; consequently, "two or more parallel forms of regulation, with each form designed to deal with the characteristics of a distinct set of actors" are required.³⁴ It may be contended that the duality and diversification of regulation result in a multifarious regulatory universe for SOCs and an incoherent framework that confounds corporate governance. To illustrate, section 77(a)(i) of the *PFMA* requires at least one independent member on the audit committee, while section

³⁰ Treasury's Instruction Note 4 2022/23.

³¹ See s 31(2) and (3) of the *Legal Succession to the South African Transport Services Act 9* of 1989 establishing the Passenger Rail Agency of South Africa (PRASA), which exempts PRASA from the application of the *Companies Act* in line with s 9 of the *Companies Act 71* of 2008.

³² See for example, the *Legal Succession to the South African Transport Services Act 9* of 1989 establishing the Passenger Rail Agency of South Africa (PRASA), the *Eskom Conversion Act 13* of 2001, the *South African Airways Act 5* of 2007, the *South African Post Office Act 22* of 2011, the *Broadcasting Act 4* of 1999 and the *Armaments Corporation of South Africa Limited Act 51* of 2003.

³³ Department of Public Enterprises 2002 https://www.gov.za/sites/default/files/gcis_document/201409/corpgov0.pdf (the Protocol).

³⁴ See Hansmann and Pargendler 2011 *Stan L Rev* 480.

94(4)(a) of the *Companies Act* requires that each member of the committee must be a director of the company and be independent.

5 The ownership of Temasek and GLCs: A state-holding company model

To reiterate, state ownership is primarily centralised in Temasek, which discharges all the shareholder functions over its subsidiaries. What follows is a deeper examination of the Temasek model of ownership and control and its impact on the relationship between Temasek and the government on the one hand and Temasek and its subsidiaries on the other. Here, the objective is to determine the extent to which this model influences the quality of corporate governance.

5.1 *The nature of Temasek as a constitutional steward*

Temasek Holdings was established in 1974 to kickstart Singapore's industrialisation. It is a creature of the *Constitution*, listed under the fifth schedule.³⁵ Temasek is also incorporated under the *Companies Act* as an exempt private company. Its primary mandate is owning and managing Singapore's investments and assets commercially.³⁶ Its initial capitalisation in 1974 comprised a portfolio of 35 state-owned companies. At the time, the net portfolio value was S\$354 million; in 2022 it was a staggering S\$403 billion.³⁷

The state exclusively owns Temasek through the Minister of Finance, who discharges centralised shareholder functions in a representative capacity.³⁸ The company was established due to the realisation that the government needed to focus on its core functions of policymaking and regulation, while a commercial entity would own and manage state investments and assets commercially. The government had realised that:

[o]ne of the tragic illusions that many countries of the Third World entertain is the notion that politicians and civil servants can successfully perform entrepreneurial functions. It is curious that, in the face of overwhelming evidence to the contrary, the belief persists.³⁹

³⁵ See art 22C read with Part II of the Fifth Schedule of the *Constitution of Singapore*, 1965.

³⁶ Temasek is also considered to be a sovereign wealth fund. See Rose 2008 *NC L Rev* 85.

³⁷ Temasek 2022 <https://tr22.temasekreview.com.sg/>.

³⁸ Sections 2 and 3 of the *Minister of Finance (Incorporation) Act* 28 of 1959 (CAP 183, 2014 rev ed).

³⁹ Remarks attributed to Deputy Prime Minister Dr Goh Keng Swee made in 1972, quoted in Som *State Capitalism* 251.

The idea of separating the role of policymaking from regulation and shareholding is now embraced as the gold standard of state ownership.⁴⁰ The understanding that conflated roles compromise corporate governance and performance is one of the reasons that led to the creation of Temasek as an interposition between politicians and state entrepreneurial endeavours.

Temasek is regarded as a global behemoth comparable to some of the largest companies in the world. Its subsidiary GLCs hold a smorgasbord of corporate interests, giving it control over a remarkable globalised portfolio. These include telecoms and media, power and utilities, shipping and ports, banking and finance, shipping and transportation, and telecommunications and media.⁴¹ Notably, Temasek supports mixed ownership, including foreign ownership, of its subsidiary GLCs. In this mixed ownership arrangement, particularly where it does not hold the majority shareholding, it prefers to hold a "golden share", especially in the more strategic GLCs.⁴² Unlike many of its subsidiary GLCs, Temasek itself is not listed on the SGX, presumably to shield it from market volatility.

The philosophy and outlook of Temasek are said to be three-pronged: It identifies as an "active investor" that delivers sustainable value over the long term. It is also a "forward-looking institution", a generational investor that invests in people and good corporate governance and is primarily interested in long-term rather than short-term returns. Finally, it strives to be a company with a corporate conscience, a "trusted steward" of the people that seeks to advance communities across generations.⁴³ This guiding philosophy is realised by pursuing an unmistakably commercial agenda in a resolutely independent fashion. These factors and their impact on the overall governance of Temasek are discussed in turn.

5.2 Commercial orientation and independence

As indicated, Singapore's economic policy has always been that of state entrepreneurship facilitated and led by Temasek and its subsidiary GLCs. Effectively these corporations are instruments of state capitalism. They constitute what others aptly call the "commercial arm" of the state.⁴⁴ At the heart of any capitalist project is the goal of shareholder wealth maximisation. This is also the objective of Temasek and its subsidiaries, namely, to help

⁴⁰ See OECD *Guidelines on Corporate Governance*. Also see World Bank *Corporate Governance of State-Owned Enterprises* ch 3.

⁴¹ Khai "Corporate Governance Reform" 276.

⁴² Healey 2011 <https://law1a.nus.edu.sg/asli/pdf/WPS025.pdf> 8-11. The golden shares are meant to secure Singapore's national strategic objectives.

⁴³ Temasek 2013 https://www.temasek.com.sg/content/dam/temasek-corporate/news-and-views/news/files/TR13_MediaConferenceSlides_Eng.pdf.

⁴⁴ Chen 2016 *Northwestern Journal of International Law and Business* 313.

Singapore meet its developmental aspirations by being value-oriented and declaring dividends that are used for development, including welfare. It follows that any GLC in the Temasek stable that fails to advance the mission of shareholder (state) wealth maximisation will be offloaded. In contrast, there has been a perplexing aversion to divesting from perennially failing SOCs in South Africa. However, the tide appears to be changing with more talk of introducing strategic equity partners in SOCs.⁴⁵

In the true spirit of capitalism, GLCs are subject to market discipline, and commercial viability informs Temasek's continued investment in the subsidiaries. In this regard, both Temasek and the GLCs enjoy *carte blanche* in their commercial decisions, but they are accountable to the shareholder (the state) for those decisions. To illustrate this point, Temasek once made a politically controversial investment in neighbouring Thailand. The government's attitude was that the company was at liberty to invest in whichever venture it deemed commercially viable and that the government had no say in such commercial decisions.⁴⁶ The situation in South Africa is different. Case law and reports abound regarding shareholder-representatives of many SOCs constantly interfering in commercial decisions, overtly or covertly, in ways that weaken boards and compromise governance.⁴⁷

It is worth noting that it is constitutionally impermissible for Temasek to draw on past reserves unless the transaction is approved by the State President, who is constitutionally empowered to provide fiscal oversight over past reserves.⁴⁸ The restriction on drawing on past reserves compels Temasek and, by extension, its subsidiaries to be commercially viable. It also incentivises them to observe sound corporate governance for financial sustainability. By necessary implication, this also means that "soft budget constraints" (bailouts) in the form of government guarantees, endless loans

⁴⁵ Department of Public Enterprises date unknown <https://dpe.gov.za/wp-content/uploads/2020/07/DPE-Strat-Plan-V7.pdf>. The plan aims to introduce strategic equity partners in SOCs. It needs to be clarified which SOCs are considered strategic and the criteria for identifying them.

⁴⁶ Lee 2007 *Sing JLS* 290-322.

⁴⁷ See for example *Democratic Alliance v South African Broadcasting Corporation* 2016 3 SA 468 (WCC); *Molefe v Minister of Transport* (17748/17) [2017] ZAGPPHC 120 (10 April 2017); *Mthimunya-Bakoro v Petroleum Oil and Gas Corporation of South Africa (SOC) Limited* 2015 6 SA 338 (WCC); *Organisation Undoing Tax Abuse v Myeni* 2020 3 All SA 578 (GP); *SOS Support Public Broadcasting Coalition v South African Broadcasting Corporation SOC Limited* (81056/14) [2017] ZAGPJHC 289 (17 October 2017); *South African Broadcasting Corporation SOC Ltd v Democratic Alliance* 2016 2 SA 522 (SCA); *South African Broadcasting Incorporation Limited v Mpofu* 2009 4 All SA 169 (GSJ). Also see Judicial Commission of Inquiry into Allegations of State Capture 2023 <https://www.statecapture.org.za/site/information/reports> (chaired by Chief Justice Raymond Zondo, also known as the "Zondo Commission Report").

⁴⁸ Lee 2007 *Sing JLS* 290-322.

and capital injections would be difficult to obtain in Singapore. In contrast, soft budget constraints are the norm rather than the exception in South Africa.⁴⁹ In the past decade South African SOCs have collectively received a staggering R266.6 billion in bailouts from the government.⁵⁰

Despite not receiving preferential treatment and soft budget constraints from the state, Temasek and its GLCs outperform or at least equal the profitability and efficiency of non-GLCs. They have, therefore, truly "don[ed] the golden straitjacket of market discipline", which demands corporate efficiency and profitability for continued survival.⁵¹ Interestingly, yet unsurprisingly, they loathe the label "SOE" because of the negative connotations of poor corporate governance, weak performance and political meddling that the term often attracts in many jurisdictions. Instead they prefer to be seen as companies like any other, but with links to the state. Hence the tag "government-linked companies".⁵² This point may seem trivial at first, but properly considered it represents the adoption of a deliberate and significant mindset that positions Temasek and its GLCs as purely commercial vehicles for the state.

To boost efficiency the Temasek portfolio is organised into groups of companies that serve as "national champions". For example, companies in the aviation industry are grouped under the banner of the Singapore Airlines Group, which owns several subsidiaries in low-cost airlines, engineering and travel. The clear advantages of this approach are that the entire group extracts synergies in shared services, such as engineering, cargo, data systems and algorithms, and the group has one healthy balance sheet. Since the ownership arrangement is in a group, this also means that subsidiaries are shielded from politicians as they are owned by the Singapore Airlines Group, which is in turn owned by Temasek.

The opposite is true in South Africa. SOCs in the aviation industry, such as South African Airways (SAA) and Airports Company of South Africa (ACSA), are independent companies with different boards and surprisingly different shareholder ministers.⁵³ The fragmentation of these otherwise related SOCs means that their resources are not shared, resulting in costly inefficiencies. For instance, when one company faces financial difficulties,

⁴⁹ According to Maskin 1996 *Japan and the World Economy* 125, "[a] soft budget-constraint arises whenever a funding source finds it impossible to keep an enterprise to a fixed budget, i.e., whenever the enterprise can extract ex post a bigger subsidy or loan than would have been considered efficient ex-ante."

⁵⁰ National Treasury 2023 <https://www.treasury.gov.za/documents/national%20budget/2023/review/FullBR.pdf>.

⁵¹ Shome 2009 *New Zealand Journal of Asian Studies* 327.

⁵² Low 2002 *Southeast Asian Affairs* 282-302.

⁵³ The shareholder of ACSA is the Department of Transport, and the shareholder of SAA was, until recently the Department of Public Enterprises (DPE). At some point the shareholder of SAA was the National Treasury.

it independently approaches the government for a bailout, whereas it could leverage the group balance sheet if there were a single state aviation group of companies.

5.3 Government ownership of Temasek: An active but not activist shareholder

In many jurisdictions, exclusive state ownership of companies typically attracts political interference to varying degrees. However, in the case of Temasek the state, as the sole shareholder, is surprisingly distant, although not apathetic. It receives regular updates on the performance of GLCs and actively holds Temasek accountable for any underperformance.⁵⁴ By the same token the state allows Temasek the authority and autonomy necessary to discharge its constitutional mandate of managing the state's commercial interests. Therefore, the interposition of Temasek between the government and GLCs not only addresses the agency predicament; it also insulates GLCs from political influence and strengthens their commercial orientation. This is made possible by the mindset of non-interference that bureaucrats and politicians have maintained since Temasek was founded in 1974.⁵⁵

6 The control of Temasek and GLCs: A corporate governance perspective

Singapore's corporate governance framework, like many across the world, comprises a blend of mandatory rules contained mainly in the *Companies Act*, the *Securities and Futures Act*, and the Listing Rules of the SGX, as well as best practice recommendations contained in the Code of Corporate Governance issued by the Monetary Authority of Singapore.⁵⁶ This framework applies to all public companies and GLCs in equal measure.

Temasek has achieved high corporate governance scores, which in turn set the governance tone for its subsidiary GLCs. However, others have questioned its influence on the overall governance of its portfolio of GLCs, asking whether it "really impose[s] good corporate governance standards on its domestic portfolio[.] Or is Temasek's good image merely public relations puffery?"⁵⁷ An answer to these questions requires a deeper examination of the relationship between Temasek and its subsidiaries. It is

⁵⁴ Shome 2009 *New Zealand Journal of Asian Studies* 326.

⁵⁵ Hansmann and Pargendler 2011 *Stan L Rev* 519; Puchniak "Multiple Faces of Shareholder Power" 529.

⁵⁶ The framework comprises the *Companies Act* 42 of 1967, the *Securities and Futures Act* 42 of 2001, the *Singapore Exchange Listing Manual* 2019, the *Code of Corporate Governance* 2018 and the *Monetary Authority of Singapore Act* (CAP 186, 1999 rev ed).

⁵⁷ Chen 2016 *Northwestern Journal of International Law and Business* 306.

important to assess Temasek's role in appointing and removing its subsidiaries' boards, their structure and composition, and their independence and authority to establish the true nature of the relationship and how it affects the governance of subsidiaries. These aspects are the building blocks of an effective corporate governance system, particularly for SOCs.

6.1 Structure, composition and duties of boards

Singapore operates a system of single-tier boards. Unsurprisingly, directors' duties are like those in other common-law jurisdictions and are provided for partly at common law and partly in the *Companies Act*. A unique feature of the Temasek board is that it has fortified itself with international expertise by creating advisory panels.⁵⁸ For instance, it created the Temasek International Panel, primarily composed of prominent international businesspeople and political figures. The international panel's primary role is to offer the board global business perspectives. Additionally, Temasek has created a Temasek Advisory Panel composed of prominent entrepreneurs who serve on the boards of internationally reputable companies. Their primary role is to advise the board and senior management on workable global strategies for Temasek.⁵⁹

Remarkably, Temasek not only fortifies itself with international expertise at the board level; it also encourages and allows the boards of its various subsidiary GLCs to recruit foreign chief accounting officers (CEOs) if there is no local talent to render the GLCs more global and responsive to global business demands and competition.⁶⁰ In contrast, the practice of hiring foreign executives for SOCs is virtually unknown in South Africa. Recently the CEO of PRASA was dismissed for failing to obtain the required security clearance to be the CEO of a SOC. The reason for this failure was that the CEO held dual citizenship and could not obtain the required security clearance. This implies that only South African citizens are eligible to hold the CEO position in a South African SOC.

Regarding the board structure, composition and duties stipulated in the law, the Singapore system is equivalent to that of South Africa, yet the quality of corporate governance and the overall performance of Temasek and its GLCs are far superior to those of South African SOCs. Could the difference be attributable to implementing rules and codes or to who serves on boards (and advisory panels) and how they are appointed and removed? Could this, in turn, have a bearing on the boards' independence from political

⁵⁸ These advisory panels were created under s 157C of the *Companies Act* 42 of 1967.

⁵⁹ Chen 2016 *Northwestern Journal of International Law and Business* 323.

⁶⁰ This has been criticised by some government backbenchers: Khai "Reforming Corporate Governance" 288.

direction and the necessary authority to direct the companies? In short, the question is: If the content of company law and corporate governance standards in Singapore is generally comparable to that in South Africa, what makes the Singapore model flourish and the South African model flounder? These vexed questions are addressed next.

6.2 Autonomy and authority of boards

One of the important hallmarks of an effective board is its autonomy from management and shareholders, to enable the board to monitor the former and protect the latter's interests effectively.⁶¹ The other hallmark is being clothed with the requisite authority to make decisions for the company. For the board to enjoy both autonomy and authority, the shareholder(s) must not encroach on what is otherwise board territory. It is important to note that the shareholders' role in governance can be either "offensive" or "defensive".⁶² An offensive governance posture is typified by a shareholder who directly engages management on governance issues and business matters, such as advising on business strategy and operations. A defensive governance posture is one where the shareholder's role is limited to voting, the approval of fundamental transactions and other conventional shareholder functions stipulated by the law and recommended governance practices.

In many jurisdictions, including South Africa, shareholder-representatives in SOCs adopt an offensive and unhealthy governance posture, interfering in what is conventionally the terrain of the board or management. The converse is the case in Singapore. Both the Ministry of Finance, as the sole shareholder of Temasek and Temasek, as a shareholder in its GLCs, adopt a defensive governance approach. According to one commentator, the top listed GLCs in which Temasek is a shareholder have greater board independence than other top-listed companies in Singapore. This is partly attributable to Temasek being a distant shareholder in its GLCs, just as the state, through the Ministry of Finance, is a distant shareholder in Temasek.⁶³ It has been remarked that:

Temasek's role is one of strategy and oversight, and distances itself from the operational management of the GLCs ... [and that] Temasek's voluntary abstinence from direct involvement in the operational management of state-owned enterprise[s] is a unique and admirable ownership stance.⁶⁴

The picture presented above leads to the conclusion that the boards of GLCs enjoy the necessary autonomy and authority to make decisions

⁶¹ Marchesani 2005 *Berkeley Business Law Journal* 335.

⁶² On the notion of the "offensive" and "defensive" governance approaches, see Rose 2013 *Fordham Journal of Corporate and Finance Law* 913-962.

⁶³ Chen 2016 *Northwestern Journal of International Law and Business* 323.

⁶⁴ Shome 2009 *New Zealand Journal of Asian Studies* 326.

unimpeded by the political considerations usually brought to bear by the political class in other jurisdictions such as South Africa. Indeed, this appears to be one factor that makes the Singapore model attractive.

6.3 The effect of listing and co-ownership on corporate governance

As the shareholder-representative of the government in GLCs, Temasek promotes the public listing of its subsidiaries. This is intended to subject them to the rigours of market competition and discipline, which require companies to be efficient and profitable to remain afloat.⁶⁵ Over and above listing in Singapore and beyond, GLCs invest in multinational companies that are listed on various stock exchanges around the world. These foreign investments require GLCs and Temasek to comply with various foreign laws and listing requirements to maintain their listing on those stock exchanges.

It is trite that listing requirements impose binding requirements beyond corporate laws. Although the requirements are not legally binding *per se* they tend to be indirectly binding, because the listing is conditional on compliance. The net effect of the GLCs' exposure to multiple listing requirements is that they and their parent, Temasek, are compelled to uphold high corporate governance standards imposed by various stock exchanges.

Temasek is not the sole shareholder of all its subsidiary GLCs. It mostly holds controlling stakes in GLCs that are considered strategic. This means that GLCs are co-owned by Temasek and other shareholders, some of which are foreign. These other shareholders require efficiency and profitability and tend to demand high corporate governance standards from GLCs to realise their returns on investment. Therefore, the effect of this co-ownership and multiple listing is to significantly improve corporate governance in Singapore GLCs, which is what sets them apart from SOCs in South Africa, where both co-ownership and listing are legally permissible but remain an exception rather than the norm. For instance, only Telkom SA, and ACSA are co-owned and of the two, only Telkom SA is listed on the Johannesburg Stock Exchange. Therefore, the South African SOCs do not enjoy the benefits of listing on the stock exchange and co-ownership as indicated above.

At this stage the question that needs to be answered is whether the Temasek model is replicable, given that it is a product of Singapore's idiosyncratic factors, such as its history, culture and political orientation, to

⁶⁵ About 73 per cent of GLCs are listed: Sim *et al* 2008 https://bschool.nus.edu.sg/Portals/0/docs/FinalReport_SOE_1July2014.pdf. In contrast, only Telkom SA is listed in South Africa.

name a few.⁶⁶ This question is answered in the next section and the promise and pitfalls of the Temasek model are reflected upon in the process. This is done with the South African SOCs' landscape in mind.

7 The promise and pitfalls of "the Temasek Way"

Before examining the pros and cons of the Temasek model, it is important to note that its indisputable success dislodges two common fallacies that have gained traction over time. First, the model's success proves that privatisation is no panacea for all states. Indeed, the Temasek model proves that state ownership can still lead to overwhelmingly successful state companies and economies, contrary to the neo-liberal economic worldview, which advocates free-market fundamentalism led exclusively by private ownership. Second, the model deals a massive blow to the view that state ownership is synonymous with poor corporate governance and weak performance. Therefore, in this respect alone the Temasek way of ownership and control is full of promise, particularly for the developing world, which is yearning for a counter-hegemonic economic model.

Turning to whether the model is replicable, it has been cautioned that certain factors gave birth to and sustain the Temasek model, and these factors are to some degree peculiar to Singapore. Therefore, any attempt to replicate or adapt the model must be mindful of these factors.⁶⁷

The first factor to consider is that the model was developed because of a need for survival, not only for the state but also for the governing party. Thus, there is both political and economic logic behind the model. Put differently, the future of the governing party and the state itself are intertwined with the future of "Singapore Inc." to such an extent that if the Temasek model fails, the governing party will likely lose power and the viability of the state will be at risk. This logic does not seem to apply in South Africa. Despite the extremely poor performance of all the strategic SOCs over a sustained period, the governing African National Congress (ANC) continues to receive an electoral mandate every five years to continue running the country albeit declining sharply.

Second, the Temasek model is underpinned by an almost corruption-free environment where there are high standards of accountability and integrity.⁶⁸ This environment is propelled by Confucian values that emphasise ethics and order in society. By all accounts the South African corporate and public sectors are mired in corruption, with the public sector

⁶⁶ Tan, Puchniak and Varottil 2015 *Col J Asian L* 61-97. The authors have reflected on these questions.

⁶⁷ Tan, Puchniak and Varottil 2015 *Col J Asian L* 61-97.

⁶⁸ Tan "The Beijing Consensus" 69-93.

being the epicentre of massive corruption, as revealed by the Commission on State Capture.⁶⁹

Third, the Temasek model is sustained by a culture of meritocracy, efficiency and an exceptional work ethic in the workforce, so that where skills are unavailable locally, international talent is brought in to lead GLCs and serve on various boards. In the South African setting, meritocracy is replaced by political patronage (cadre deployment) and nepotism, so that SOCs are not always led by the most talented individuals.⁷⁰ In the case of *Organisation Undoing Tax Abuse v Myeni* the court disapproved of the practice of appointing politically connected individuals to boards of SOCs. The court ruled that such appointments should not be seen as a privilege and that the government has a responsibility to appoint directors who are suitably qualified and possess integrity.⁷¹

Fourth, the unitary legal and regulatory space that gave birth to and sustains the Temasek model is responsive, thus ensuring compliance with both rules and best corporate governance practices.

Fifth, the Temasek model is quintessentially commercial, with a strong emphasis placed on shareholder value creation, as opposed to the multiple objectives or mandates that characterise SOCs in South Africa.⁷² In pursuing shareholder value the model allows flexibility through co-ownership, competition, listing on various stock exchanges and investment (or divestment) where commercial interests so dictate. In South Africa co-ownership and divestment were taboo in the ANC until recently, despite their being legally permissible.

Last, and perhaps most importantly, the Temasek model is underpinned by sheer political will to respect the separate role of the government as a shareholder from the regulatory roles played by various regulators and the control role played by various GLC boards. In the South African context the political will to adhere to the separation of roles and non-interference in SOCs' affairs is almost non-existent. Increasingly different shareholder-representatives seek more proximity to SOCs to a point where, in the case

⁶⁹ See the Zondo Commission Report.

⁷⁰ In *Democratic Alliance v African National Congress* 2024 2 All SA 382 (GP), the Gauteng High Court granted the Democratic Alliance access to the cadre deployment records of the ANC. It appears that this case is a precursor to a constitutional challenge of the cadre deployment policy of the ANC.

⁷¹ *Organisation Undoing Tax Abuse v Myeni* 2020 3 All SA 578 (GP) para 276.

⁷² The PRC Report 2013 acknowledged the multiplicity and often contradictory objectives and mandates of SOCs and has recommended their "critical strategic review". See ch 9, recommendation 8.

of Eskom, for instance, at some point, three departments discharged some form of shareholder functions and exerted influence over the power utility.⁷³

The Temasek model is appealing. However, it is not a perfect model, as will be argued next. At least three factors or attributes of the model are problematic from the South African point of view.

First, the model operates in a one-party state where the governing party exhibits some authoritarian tendencies, labelled by some as a "soft authoritarian" arrangement or a "restrained democracy".⁷⁴ It has been observed that the authoritarian nature of the regime, coupled with the small size of the country, ironically facilitates policy implementation and strong compliance with its laws and regulations.⁷⁵ Furthermore, its citizens are content with the status quo because the state and its GLCs secure their welfare. The situation is different in South Africa, which is a constitutional democracy with all the trappings of constitutionalism. The state is often challenged by the media, civil society and trade unions, and the courts are free to hold any laws, regulations and conduct of politicians unconstitutional. Thus, even if a policy is beneficial, the state cannot implement it in an authoritarian fashion.

The second attribute of the Temasek model that is not positive, at least from the South African perspective, is the fact that the GLCs are predominantly run by retired bureaucrats and political apparatchiks. The proximity of politicians to SOCs is already a major challenge in South Africa because politicians and politically connected directors and executives are the architects of what is colloquially referred to as "state capture", including the capture of SOCs. It is therefore submitted that the reform of the South African model should not countenance the involvement of active or retired politicians in the governance of SOCs.

The last attribute, which appears positive at first blush but may be problematic upon deeper scrutiny, particularly in the South African context, is the purely commercial orientation of Temasek and its GLCs. South Africa is still grappling with the legacy of colonialism and apartheid, which rendered the majority of its citizens poor. For this reason, the state has a constitutional duty to transform society and alleviate the plight of previously disadvantaged citizens.⁷⁶ This means that some South African SOCs may

⁷³ The Department of Electricity, Department of Public Enterprises and Department of Mineral Resources and Energy all discharged varied shareholder functions in relation to Eskom.

⁷⁴ On the notion of a "restrained democracy", see Tan "The Beijing Consensus" 93.

⁷⁵ Tan "The Beijing Consensus" 82.

⁷⁶ This was the case in *Mazibuko v City of Johannesburg* 2010 4 SA 1 (CC), where Johannesburg Water SOC Ltd, a company wholly owned by the City of Johannesburg, was found to have breached s 27 of the *Constitution of the Republic of South Africa*, 1996 (the right to access to sufficient water) by introducing a pre-

not always be motivated by profit maximisation as is the case in Singapore. There may be instances where they are uncompetitive or render services below market prices to meet the state's obligations to poor citizens.

Against the strengths and weaknesses of the Temasek model, it is recommended that South Africa adopt a twin-track model of ownership and control to fulfil the constitutional obligation of socio-economic transformation. This model was briefly discussed earlier and is explained further below.

8 A twin-track model of ownership and control

In the proposed twin-track model, entities that pursue a purely commercial mandate will be under the control and ownership of a state-holding company akin to Temasek, adapted to suit the peculiar conditions of South Africa. This company should be solely governed by the *Companies Act* and the King Code, which are distinctly suited for commercial enterprises. There are several advantages in adopting this approach. The first is that a unitary legal and regulatory framework would ensure no duplication or conflict with other legislation, such as the *PFMA*. The second advantage of establishing a holding company would be that it would operate as an "autonomous operative arm of government shareholding", which would curb political interference while also improving efficiency and corporate governance.⁷⁷ Thirdly, it would professionalise the state shareholding function, which would obviate the problem of having politicians exercise shareholder functions when in many cases they lack the necessary business acumen to oversee large and complex SOCs.

Additionally, the professionalisation of the shareholder function would address the high turnover of shareholder representatives occasioned by Cabinet reshuffles and the appointment of new ministers following a general election. Fourthly, the existence of a holding company would shield all other SOCs (subsidiaries) from government interference, essentially breaking the direct link between the government as a shareholder and the various SOCs. Lastly, having a holding company would enable the government to concentrate on policy formulation and regulation while the holding company focussed on managing all other SOCs for the state.

Given the pervasiveness of political interference in South Africa, certain safeguards would have to be built into the state holding company. These would include a clearly and legally defined mandate, to avoid leaving any room for the intrusion of political interests in the company. The relationship

paid water system that resulted in some sections of the Johannesburg population not having access to water. This system was adopted ostensibly to recover payments from some citizens.

⁷⁷ Pierre "Central Agencies in Sweden" 203.

between the company and the shareholder representative and the latter's role should also be clearly defined in law. Furthermore, the board's primacy and independence in directing the business and affairs of the holding company would have to be secured. In practice this could be achieved in a number of ways, including by appointing fit and proper directors with the requisite skills, integrity, and experience through a rigorous appointment process like that of the SABC board.⁷⁸

In terms of the *Broadcasting Act*, the board of the SABC is appointed by the President following a recommendation of the National Assembly. This recommendation is preceded by a transparent nomination process involving public participation.⁷⁹ The removal of directors or the entire board is also conducted by the President, following an inquiry by and the recommendation of a committee of the National Assembly, and adopted by a resolution of the entire National Assembly.⁸⁰ It is submitted that this process is theoretically likely to deter cadre deployment and ensure that directors are appointed on merit, since the majority of Parliament must agree on the appropriate candidates. In practice, however, the majority party in parliament may abuse its majority and appoint directors along political lines.

Another arm of the proposed twin-track model is a track of non-commercial entities. These entities should ideally be wholly governed by their founding statutes and the *PFMA*. They should be overseen by a super agency akin to the Chinese SASAC to discharge centralised ownership and control functions while at the same time insulating the entities from unwarranted political interference.⁸¹ The SABC and the South African Post Office are typical examples of entities that could belong to this track. In this proposed arrangement the government department's role would be limited to policy formulation and monitoring. This would lead to the tried and tested equilibrium of separate roles for separate players, which would arguably affect performance and governance positively.

In the final analysis, it is submitted that a viable model of ownership and control of SOCs in South Africa is not a centralised model in the form of a state holding company but a twin-track model with a state holding company

⁷⁸ For a detailed exposition of the appointment and removal process in SOCs, see Wandrag 2018 https://dullahomarinstitute.org.za/women-and-democracy/board-members-of-state-owned-enterprises-towards-transparent-appointments/reports/wandrag_legal_framework_paper_2_revision_4_04_07_2019.pdf.

⁷⁹ Section 13 of the *Broadcasting Act* 4 of 1999 (as amended).

⁸⁰ Section 15A of the *Broadcasting Act* 4 of 1999 (as amended).

⁸¹ The examination of SASAC is beyond the scope of this article. Some of the key articles that examine this institution in depth include Ernest 2021 *OJLS* 663-669; Sappideen 2017 *Frontiers of Law in China* 90-113; Lin 2017 *WTR* 583-600; and Milhaupt and Zheng 2015 *Geo LJ* 665-722.

and a state super-agency overseeing the two different types of state entities.⁸²

9 Conclusion

This article has demonstrated that the centralised model of ownership and control in the form of a state-holding company — the Temasek way — is a resounding success in Singapore for various reasons. Yet the model is not perfect. The opinion has been expressed that the long-standing convention of non-interference, the culture of meritocracy, and intolerance to corruption characterising Singapore Inc. may prove challenging to instil among South African politicians and bureaucrats because a culture of interference and patronage are embedded in them. However, the Temasek model's exceptionalism does not mean it is inherently unadaptable. For example, the South African government could take a "defensive" approach to governance by adopting a zero-tolerance policy towards corruption and aligning the legal and regulatory framework with the market and governance needs of SOCs. Additionally, the government could introduce co-ownership, listing and competition in the SOC environment. It would also be crucial to appoint fit and proper directors and allow them the necessary space and authority to govern unimpeded.

This article has also cautioned that despite its attractiveness, the Temasek model may not be suitable for South Africa due to idiosyncratic factors. Instead, the Temasek way should be adopted and adapted in a twin-track arrangement in which the holding company would professionally discharge shareholder functions for the state in the commercial track while the non-commercial interests will be looked after by a super-agency like SASAC.

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⁸² PRC Report 2013. Recommendation 17 is that non-commercial entities be dispersedly owned by government departments. This recommendation is untenable because it overlooks the problem of political proximity to the locus of governance and interference that erodes boards' independence and results in poor governance.

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List of Abbreviations

ACSA	Airports Company of South Africa
ANC	African National Congress
CEO	Chief Executive Officer
Col J Asian L	Columbia Journal of Asian Law
Cornell Int'l LJ	Cornell International Law Journal
Cornell L Rev	Cornell Law Review
DCDT	Department of Communications and Digital Technologies
DPE	Department of Public Enterprises
Geo LJ	Georgetown Law Journal
GLCs	government-linked companies
HKLJ	Hong Kong Law Journal
JCLS	Journal of Corporate Law Studies
NC L Rev	North Carolina Law Review
OECD	Organisation for Economic Co-operation and Development
OJLS	Oxford Journal of Legal Studies
PAP	People's Action Party
PFMA	Public Finance Management Act 1 of 1999
PRASA	Passenger Rail Agency of South Africa
PRC	Presidential Review Committee
SAA	South African Airways
SABC	South African Broadcasting Corporation
SASAC	State-Owned Assets Supervision and Administration Commission of the State Council
SGX	Singapore Stock Exchange
Sing JLS	Singapore Journal of Legal Studies
Sing L Rev	Singapore Law Review
SOC	state-owned company
SOE	state-owned enterprise
Stan L Rev	Stanford Law Review
TWQ	Third World Quarterly
WTR	World Trade Review