

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION NO.: 1204**

**DATE OF PUBLICATION: 23 April 2018**

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| **1204. Ms S V Kalyan (DA) to ask the Minister of Public Enterprises:**   1. Whether complaints about certain persons namely Mr Bagus and Ms Kellerman, and also about the appointment of a certain company namely Scarlet Sky Investments were lodged with the Public Protector by a certain person namely Mr Duncan Korabie, and later withdrawn; if so, 2. whether one of the specified persons namely Ms Kellerman was thereafter appointed to do an internal investigation into the affairs of Alexkor; if not, what is the position in this regard; if so, what was the outcome? NW1298E |

**REPONSE BASED ON INFORMATION RECEIVED FROM ALEXKOR SOC LIMITED:**

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| (1) | Alexkor were informed by Mr Korabie about the complaint he lodged to the Office of the Public Protector during 2015.  The complaint was withdrawn by Mr Korabie subsequent to a meeting between DPE and the Alexkor-CPA during November 2015, to allow the Department to investigate the matter internally. The investigation was done by the ARC Committee of the PSJV and the outcomes have been communicated with the Department. |
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| (2) | Alexkor is not aware that Ms Kellerman was appointed to investigate the internal matters of Alexkor SOC. However, Ms Kellerman, as Chief Legal Officer at the time was instructed by the then Board of Directors to institute the forensic investigation into allegations made against the then CEO, Mr Percy Khoza. SizweNtsalubaGobodo (SNG) was appointed as an independent entity to conduct the said forensic investigation.  The technical nature of the irregularities were such that it was not obvious to the current Board whether it was appropriate, or not, to initiate any disciplinary action against the CEO. The Board subsequently commissioned Mkhabele Huntley Adekeye Inc. (MHA) to evaluate the SNG report in terms of the possible disciplinary actions available to Alexkor.  The finding of Mkhabele Huntley Adekeye Inc was that the CEO took “a cavalier approach to financial management of the entity, which exposes the entity to risk”. The report continues that: “based on the evidence before us, we are of the view that the Accounting Authority has reasonable prospects of securing a dismissal at arbitration”. The Board considered the Mkhabele Huntley Adekeye Inc reports and decided that a “reasonable” prospect of a successful dismissal was insufficient to warrant further action. Furthermore, the Company had embarked on a restructuring process during which the CEO put himself forward for voluntary retrenchment, which offer the Board accepted, as a simpler and more cost-effective option to disciplinary action. |