## DPE Stationery:DPE logo.jpg INFORMATION MEMORANDUM

**TO : Mogokare Richard Seleke**

**DIRECTOR-GENERAL**

**FROM : Justin De Allende**

**RE :** **PARLIAMENTARY QUESTION NO 2160**

# DATE : 4 August 2017

**================================================================**

To provide the Minister with a response to Parliamentary Question Number 2160

|  |  |  |
| --- | --- | --- |
| **COVER MEMO AND THE PACKAGING OF PQ BY:**  **Department of Public Enterprises** | | |
| **……………………………….**  **Acting Deputy Director-General**  **Date:** | | **COMMENTS:**  **………………………………………..** |
| **…………………………………**  **Mogokare Richard Seleke**  **Director-General**  **Date:** | **APPROVED/DECLINED/COMMENTS**  **…………………………………………..**  **…………………………………………..**  **………………………………………….** | |



**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 2160**

**DATE OF PUBLICATION: 4 August 2017**

Mr E J Marais (DA) to ask the Minister of Public Enterprises: Is the derivative function, such as hedging dealing with foreign exchange contracts, currency swaps and forwards, of the state-owned entities reporting to her, including Eskom, Transnet and Denel, managed internally; if so, (a) how many employees work in this department in each case and (b) what is the experience level of these employees for each entity; if not, (i) who manages the derivatives function for each entity and (ii) what is the contract value for this function in each case?

**REPLY:**

**ALEXKOR SOC LIMITED**

|  |  |  |
| --- | --- | --- |
| This function is not required at Alexkor. | | |
| (a) | Not applicable | |
| (b) | Not applicable | |
|  | (i) | (i) |
|  | (ii) | (ii) |

**DENEL SOC LIMITED**

|  |  |  |
| --- | --- | --- |
| Denel manages its treasury through a group of treasury functions that includes hedging of the group’s foreign exchange exposure, the dealing and settling of all foreign payments and proceeds. The abovementioned function is conducted in line with the Treasury operations and procedures manual as approved by the Board. | | |
| (a) | The Denel Treasury department consists of 6 (SIX) persons with 6 (SIX) divisional CFO’s supporting the treasury function. | |
| (b) | Experience levels ranges from 7 (SEVEN) to 38 (THIRTY EIGHT) years | |
|  | (i) | Not applicable |
|  | (ii) | Not applicable |

**ESKOM SOC LIMITED**

**(1)**

Yes, Eskom manages its derivative function internally under the supervision of the Treasurer who has more than 20 years related experience.

**(a)**

This function is value-chain based with a staff complement of approximately 20 employees.

**(b)**

The team has experience of 15 years on average in the Treasury department, with qualifications ranging from PhD in Mathematics Statistics, CA (SA), Masters in Economics, BSc, BCom (Hons), Honours in Investment.

**(b)(i)**

Not applicable

**(b)(ii)**

Not applicable

**SAFCOL SOC LIMITED**

|  |  |  |
| --- | --- | --- |
| It is SAFCOL’s stated policy at this stage not to trade and/or deal in financial instruments. | | |
| (a) | Not applicable | |
| (b) | Not applicable | |
|  | (i) | Not applicable |
|  | (ii) | Not applicable |

**SA EXPRESS SOC LIMITED**

1. SA Express Airways does not perform any derivative functions, neither does it cover its foreign exchange exposure via foreign exchange contracts (FECs) and currency swaps. All foreign transactions are processed via spot i.e. two business days
2. SA Express Airways does not have any employees managing derivative financial instruments because they are non-existent.
3. There is no derivative function which is done at SA Express
4. There is no value of any derivative contract since this function is not exercise.

**TRANSNET SOC LIMITED**

1. Five employees.
2. The experience levels of these employees are well advanced and ranges from about 10 years to 20 years per employee.
3. The derivative function of Transnet is managed internally, except in cases where highly complex derivatives are used and specialist advise from external parties like banks and consultants are then utilized on an in need basis.
4. Not applicable, as the derivative function is managed internally.

**Remarks: Reply: Approved / Not Approved**

**Mr. Mogokare Richard Seleke Ms. Lynne Brown, MP**

**Director-General Minister of Public Enterprises**

**Date: Date:**

**Additional Information for the Minister’s attention only:**

Table 1 below are qualifications and related work experience of Eskom’s Treasury employees executing the derivative function.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | SURNAME | INITIALS | QUALIFICATIONS | YEARS OF RELATED EXPERIENCE |
| 1 | PILLAY | A | Bsc | 18 |
| 2 | MALEKA | DM | M Economics | 21 |
| 3 | SELEKA | MR | B Comm | 18 |
| 4 | ALEXANDER | JR | B Comm (Comp Science) and B Comm (Hons) | 10 |
| 5 | MASIKE | KAP | B.Comm (Hons) | 16 |
| 6 | PHOOKO | P | B. Com | 5 |
| 7 | BALI | KF | Grade 12 (Matric) | 13 |
| 8 | MAKHUVHA | VT | PhD (Mathematics Statistics) | 25 |
| 9 | PENXA | KA | BSc (Hons) in Applied Mathematics and PostGrad High Diploma in Maths of Finance | 18 |
| 10 | ZONDO | N | BSc Maths | 4 |
| 11 | NODADA | U | BSc (Maths and Applied Maths), BSc (Hons) in Financial Engineering | 11 |
| 12 | MALOBA | ME | BSc (Hons) in Applied Mathematics | 3 |
| 13 | MAKORO | TF | B Comm | 22 |
| 14 | MOTHAPO | M | B Comm | 19 |
| 15 | RAMALATSOA | AGP | Grade 12 | 23 |
| 16 | SCHOLTZ | A | CA(SA), CFA, CIMA | 16 |
| 17 | FREDERICKS | Y | B Compt Accounting | 19 |
| 18 | NCOLOSI | CB | CA(SA) | 7 |

The derivatives function is a value chain driven responsibility, beginning with Funding Execution and involves back office, Loan Management. Table 2 below qualifications and related work experience of Eskom’s Treasury employees in the funding execution and loan management areas.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | SURNAME | INITIALS | QUALIFICATIONS | YEARS OF RELATED EXPERIENCE |
| 19 | SHWENI | SE | CA(SA) | 18 |
| 20 | RAPHAEL | JD | M Comm | 16 |
| 21 | BOTES | JM | B Comm | 24 |
| 22 | MNGUNI | NC | B.Comm (Honours Investment Management) | 6 |
| 23 | \*GOITSEMODIMO | K | M Sc (Mathematics) | \*8 |
| 24 | \*LEFIFI | K | CA(SA) | \*1 |
| 25 | MOLOKOANE | G | B Comm (Hons) | 10 |
| 26 | CROSS | TA | B Compt Accounting | 27 |