

**MINISTRY OF ENERGY**

REPUBLIC OF SOUTH AFRICA

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 **Memorandum from the Parliamentary Office**

**2178. Mr P van Dalen (DA) to ask the Minister of Energy:**

(1) Whether, with reference to the Strategic Fuel Fund’s 2015-16 annual report, the 300 000 barrels of crude oil to the value of R60 million that was lent to a service provider has been (a) paid for and (b) returned to the specified fund; if not, in each case, why not; if so, in each case, what are the relevant details;

(2) (a) when did the lending of the specified barrels of crude oil occur, (b) what is the name of the specified service provider, (c) when did she become aware of the loss of the barrels of crude oil, (d) why were the barrels of crude oil lent to the service provider in the first place and (e) why were the barrels of crude oil not returned to the fund;

(3) whether her department has a policy in place to check whether a potential service provider has any political connections; if not, what is the position in this regard; if so, (a) what were her department’s findings in respect of the specified service provider and (b) what are the further relevant details;

(4) what internal controls are in place at the fund to prevent it incurring losses in similar types of transactions? NW2500E

**Reply**

(1) The review of contracts ordered by the Minister will deal with this matter.

(2) The contract and its conditions are subject of a review that the Minister of Energy has instituted.

 (3) No.

(4) SFF has adequate internal control processes in place that could have prevented it from incurring losses in this transaction if they had been adhered to. These controls include i) the board-approved limits of authority policy, ii) risk management policy iii) properly constituted Exco with relevant PFMA and risk management experience and supported by clear terms of reference. There is a materiality framework that provides guidance on levels of approvals for all material transactions.