

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR REPLY**

**QUESTION NO.: PQ 2391**

**QUESTION:**

**2391. Mr E M Buthelezi (IFP) to ask the Minister of Public Enterprises:**

(1) With regard to the R131 billion recently secured for renewable energy, how will Eskom show accountability and transparency in the just transition when corruption, fraud and theft are at the centre of the entity.

(2) (a) what amount has been lost to corruption at Eskom in the past financial year and (b) how far has the loss jeopardised the mandate of the organisation to keep the lights on in the Republic?

**REPLY:**

**According to the information received from Eskom**

Eskom’s current leadership is committed to rooting out fraud and corruption and addressing issues related to past corporate governance breaches, in order to restore Eskom's reputation as a trusted corporate citizen and further, to improve the organization’s financial and operational sustainability.

(1)

There are a number of safeguards built into the operationalization of the JET financing facility. Firstly, we see the facility, and disbursement of funds being managed by a strict governance committee comprised of the lender group. Financing will be released in tranches, based on project milestones being met. This means if we do not meet project deliverables and timeframes for deliverables, the financing will not be released.

(2)(b)

The total amount identified through investigations conducted by the Eskom Forensics team is R3 448 024.

(2)(b)

While loadshedding cannot ALWAYS BE attributed to corruption, the financial losses due to corruption have had a negative impact on Eskom’s overall financial position. This in turn negatively affect Eskom’s ability to reliably provide electricity.

For instance, the underlying cause of Eskom’s poor operational performance is insufficient maintenance on Generation plant over the years which is now resulting in poor plant performance. There is an increase in mechanical power station breakdowns.

Therefore, the sum of R3 448 024 which was lost due to maladministration could have been used to perform much-needed maintenance on Eskom’s power generating units.

We also provide details of Eskom’s response to the fraud and corruption challenge:

* Eskom is making good progress in the implementation of the Fraud Risk Management Plan, to maximise fraud prevention and enhance good corporate governance practices. The Anti-Fraud and Corruption Integration Committee monitors the implementation of this plan and ensures integration between forensic, legal, ethics, industrial relations and supplier review functions, with progress reported to Exco and the Audit and Risk Committee (ARC) on a regular basis.
* In financial year 2020/21, our fraud prevention and whistleblowing policies were revised to enforce our zero-tolerance approach to fraud, strengthen our whistleblowing processes and ensure compliance with changes to relevant legislation. Furthermore, a whistle-blowing procedure has been developed to provide step-by-step guidance to report incidents of unethical behaviour through an independent, confidential hotline. As an additional measure, we also encourage reporting through DPE's whistle-blowing channels.
* Ethics and fraud awareness programmes have been enhanced and remain mandatory for all employees. To complement these, anti-fraud training has been developed for managers and supervisors to ensure that they understand their roles and responsibilities in the management of risks associated with fraud, corruption and irregularities. Fraud awareness for suppliers was also implemented during the year.
* Our Assurance and Forensic Department and Human Resources Division are collaborating to improve consequence management and disciplinary processes. Feedback on disciplinary cases is reported regularly to executive management. Disciplinary action is monitored, particularly where line managers and supervisors have decided not to take action against an employee despite findings from an investigation.