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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION 2723**

**DATE OF PUBLICATION: 14 September 2018**

**Mr N Singh (IFP) to ask the Minister of Economic Development:**

(1) What are the details of (a) any loans provided by the Industrial Development Corporation to a certain company (name furnished) or any of its affiliate companies which fall under a certain company (name also furnished) and (b)(i) the total sum and (ii) terms and conditions of each such loan;

(2) whether any of the specified loans is now the subject of litigation; if so, what are the details thereof;

(3) whether his department is conducting any internal investigations into the maladministration and financial mismanagement of the abovementioned entities; if not, why not; if so, what are the relevant details? NW3015E

**REPLY:**

I have been furnished with a reply by the CEO of the IDC, Mr Geoffrey Qhena, to the question, which I quote as follows:

*“The IDC approved a total funding amount of R185 million for Glodina Lifestyle (Pty) Ltd (“Lifestyle”) to acquire a division of KAP Homeware (Pty) Ltd (“KAP”). No amount has been approved to affiliates of KAP in so far as this transaction is concerned.*

*Following a partial draw down**by Lifestyle, it was discovered that the shareholder did not conform with the KAP sale and purchase agreement and the IDC loan agreement and the planned sale was therefore cancelled. A forensic investigation was carried out by IDC Internal Audit which resulted in criminal charges being laid in May 2018 against the shareholder in Lifestyle for misrepresentation.*

*The matter has since been referred to the Johannesburg Commercial Crimes Unit. IDC has since concluded a sale and purchase agreement with KAP with the intention to resuscitate the Glodina business. The IDC’s intention is to start the recommissioning of the plant as soon as possible.”*

In addition to the above reply by the IDC CEO, I am advised that the Department reviewed the claims and counter claims of the various parties to the transaction prior to the institution of formal court proceedings. In light of the court proceedings, the Department will monitor their outcome and take any steps that are warranted, based on additional information that comes to light.

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