

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 3033**

**DATE OF PUBLICATION: 06 OCTOBER 2017**

**3033.  Ms D Carter (Cope) to ask the Minister of Public Enterprises:**

**(1) (a) What matters has she requested that the Special Investigating Unit (SIU) investigate with regard to Eskom and (b) over what period;**

**(2) Whether she has requested that the SIU investigation should cover the emergency coal and diesel contracts that Eskom had entered into since 1 January 2001; if not, why not?**

**REPLY:**

1. (a) The motivation submitted to the Honourable President Jacob Zuma requests a proclamation to be issued in order to authorize the SIU to among others investigate the following:
2. Practices in the procurement of coal from various coal suppliers (inter alia, Tegeta Mining and Exploration: Brakfontein Colliery, Tshedza Mining Manungu Colliery, Keaton Mining Manungu Colliery and Universal Coal Kangala Colliery); coal transportation services and diesel;
3. Procurement by Eskom and Transnet and payments made in respect thereof in a manner that was not fair, equitable, transparent, competitive or cost-effective contrary to legislation, National Treasury instructions as well as Eskom’s and Transnet policies and procedures respectively;
4. Irregular payments or procurement that were facilitated through the improper conduct of employees of Eskom and Transnet with undisclosed or unauthorised conflicts of interest or any other person or entity in order unduly benefit themselves or others through corrupt or fraudulent means;
5. Mal-performance and/or maladministration in relation to projects in Eskom’s Build Programme;
6. Any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Eskom and Transnet;
7. The procurement of locomotives and other related tenders by Transnet SOC Limited and payments made in respect thereof in a manner that was not fair, equitable, transparent, competitive or cost-effective contrary to contrary to legislation, National Treasury instructions as well as Transnet’s policies and procedures;
8. The appointment of McKenzie, Trillian and Regiment Capital to render services to Eskom Holdings SOC Limited and payments made in respect thereof in a manner that was not fair, equitable, transparent, competitive or cost-effective contrary to applicable legislation, instructions issued by the National Treasury as well as Eskom’s policies and procedures; and
9. Any improper or unlawful conduct by any person or entity, in relation to the allegations set out in paragraphs 1 to 5 above.

(b) Please refer to motivation for the period under point 2 below.

(2) A decision was taken to undertake a complete review of Eskom’s procurement process and contracting requirements for the conclusion of coal supply contracts for the period October 2008 up to 21 July 2016. Therefore, the review by SIU is informed by the need to determine if there were unfair practices in awarding contracts and whether decisions taken by the board and/or the executives were always made in the interest of deriving the best value for money.

The period of review is informed by the fact that the emergency diesel and coal procurements were heighted between the period 2008 and 2016. Therefore, as a matter of priority, there is a need to determine if some of the emergency procurement were warranted. Furthermore, as mentioned in point 1 above, various investigation reports concerning Eskom and Transnet have been issued to date, however, it appears that not all findings have been adequately addressed hence it is important to independently review the reports and ensure that all recommendations contained therein are fully dealt with.

It is also important to note that if there are specific allegations that fall outside of this period, the Proclamation authorising the SIU to conduct investigations into the affairs of Eskom and Transnet may be amended to include those allegations. In this regard, I invite anyone who is aware of any allegations against any SOC to bring them forward so that they can be investigated.

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| **Remarks:** |  |  | **Reply: Approved / Not Approved** | |
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| **Mr. Mogokare Richard Seleke** |  |  | **Ms. Lynne Brown, MP** |  |
| **Director-General** |  |  | **Minister of Public Enterprises** | |
| **Date:** |  |  | **Date:** | |