

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 321**

**QUESTION:**

**321.   Ms P Madokwe (EFF) to ask the Minister of Public Enterprises:**

(b) who has been held accountable if a mistake was made in how a certain company (Econ Oil) was handled compared to admitted fraudsters from another certain company (Swiss company ABB) that the State is still doing business with and (c) what disciplinary action has been taken in this regard? **NW336E**

**REPLY:**

**According to the information received from Eskom**

Eskom is of the view that the approach related to Econ Oil and ABB was carried out fairly, within the prescripts of the law and to protect Eskom’s financial and reputational interests as is required by the Public Finance Management Amendment Act (PFMA). Eskom is of the view that there was no mistake in the of supplier discipline process and the correlating sanction imposed on Econ Oil and its director.

Ms Madokwe focuses on just two companies, being Econ Oil and ABB. Eskom is currently working through a backlog of ~230 supplier disciplinary matters and has, within the past two months, initiated ~50 supplier disciplinary actions. All may not translate into a deregistration from Eskom’s supplier database, however various sanctions including deregistration, may be levied once the disciplinary process for each supplier is finalised.

As relates to the action taken against Econ Oil, Eskom is dealing with a highly litigious company which is exercising its legal rights through “forum shopping” by initiating action in multiple judicial fora tying up Eskom in spurious litigation. Eskom acknowledges that Econ Oil has the constitutional right to seek just and equitable legal remedy and is accordingly dealing with these matters (despite the time and cost) as they arise.

The ABB matter is distinguishable from Econ Oil in a number of respects. ABB was awarded the contract for the supply and installation of the Control and Instrumentation Systems at Kusile Power Station (the Project).

ABB made a voluntary disclosure in respect of conduct relating to the Project and is cooperating in all relevant criminal investigations related thereto, which has been facilitative of criminal charges being brought against implicated Eskom officials, including Mr Matshela Koko, Eskom’s former Chief Executive Officer. In addition, in December 2020, ABB repaid approximately R1.56 billion to Eskom. In December 2022, ABB agreed to repay an additional R2.5 billion to the NPA. The ABB matter is also distinguishable as ABB was midway through performing an existing Scope of Work as related to the Project, which Eskom requires ABB to compete.

Nevertheless, ABB is flagged on the Eskom supplier database and is unable to bid for future contracts. As such, ABB is effectively in the same position as Econ Oil and cannot be awarded future contracts. Once all relevant processes have been completed in respect of ABB, ABB will be taken through Eskom’s supplier disciplinary process and the consequent time period of its removal from the Eskom Supplier Database will be determined.

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

**Jacky Molisane PJ. Gordhan, MP**

**Acting Director-General Minister**

**Date: Date:**