

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 4422**

**QUESTION:**

 **4422. Ms P Madokwe (EFF) to ask the Minister of Public Enterprises:**

Considering assertions made by the Chief Executive Office of Eskom that some of the companies contracted to supply coal were found to be involved in dubious and questionable conduct, including stealing coal and selling substandard coal to Eskom, what (a) total number of companies have been found to be at fault and (b) are the details of the action that he and/or his department has taken against them?

**REPLY:**

**According to Information Received from Eskom:**

1. A conviction was obtained for coal procurement fraud against Meagra Transport CC and an Eskom employee, for coal procurement transactions. The company was contracted to transport coal for Eskom and generated fake invoices for which they were paid for coal that was never delivered. The conviction followed a fraud case where Eskom suffered a loss of approximately R35 000 000.00.

 There are currently seven (7) transport companies that are under investigation by the Hawks for coal procurement fraud and theft against Eskom.

1. There are several matters pending before the South African Police Services (Hawks), Special Investigating Unit (SIU), National Prosecuting Authority (NPA) and Asset Forfeiture Unit (AFU) involving coal transport contractors and coal supply agreements. Civil and criminal litigation are being pursued against the various offenders.

The former Director of Meagra Transport, Victor Tshabalala and the former Eskom employee were found guilty in the Palm Ridge Specialised Commercial Crimes Court (Case no. SCCC232/2019) for fraud against Eskom and sentenced on 29 March 2022, to an effective twenty (20) years imprisonment respectively. Meagra Transport (Pty) Ltd was also subjected to an internal supplier review process (disciplinary) and the outcome led to the supplier being deregistered and restricted from doing business with Eskom and other state entities for a period of five (5) years, with effect from 1 September 2020. A preservation and forfeiture of property order was also granted by the Gauteng High Court on 9 November 2021 against the properties owned by both Victor Tshabalala, as well as the former Eskom employee, Bernard Moraka.

Eskom has recently contracted the services of a dedicated specialised investigative capability to focus on coal procurement fraud and theft investigations. In the recent months several criminal cases for coal theft and fraud have been opened by Eskom and are with the South African Police Services (SAPS) for investigation. The most recent incidents under investigation involved the theft of coal and fraud at Kendal and Camden power stations, respectively where three contractors to Eskom were arrested and are facing criminal charges.

Eskom reports all allegations of coal procurement fraud and theft to the SAPS for criminal investigations. The SAPS currently refers all cases of Eskom coal procurement fraud and theft to a dedicated team within the Directorate of Priority Crimes Investigations (DPCI), commonly known as the Hawks, for further investigation and prosecution.

**Remarks: Approved / Not Approved**

**Jacky Molisane Pravin Gordhan, MP**

**Acting Director-General Minister**

**Date: Date:**