



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

STATEMENT ON ESKOM CONTRACTS

The National Treasury is surprised by media reports of Tegeta “warning” and threatening to interdict the department should it release a report into its investigation of Eskom’s coal contracts.

National Treasury has also noted with concern the statement issued by Eskom on Sunday 28 August 2016 suggesting that it has been co-operating with the process of reviews of the coal contracts. The National Treasury would like to categorically state that, its efforts have met resistance.

Since April, the National Treasury has made several attempts to get information from Eskom including:

- Sending a report to the Eskom Chief Executive Officer, Mr. Brian Molefe and the Chairperson of the Board Mr Ben Ngubane and a request for comment on it.
- Granting an extension that Eskom requested to provide the comments.
- A request for Eskom to submit a system generated list of payments made to Tegeta and invoices received from Tegeta for the period 1 September 2015 to 30 April 2016.
- A letter by National Treasury Director General Mr Lungisa Fuzile, requesting that Eskom withdraw its statement suggesting that *“all the Tegeta coal contracts with Eskom have been extensively audited by various agencies, including National Treasury,”* whilst clearly that was not the case.

Furthermore, Minister Pravin Gordhan escalated the matter to the Eskom Board Chair Mr Ngubane, raising concerns about advance payments made to Tegeta and failure to submit the information requested in relation to the matter.

To date, not only has Eskom failed to honour its undertaking to submit comments to Treasury’s report but it chose to ignore correspondence and put all forms of hindrances.

It needs to be noted that, Section 217 (1) of the Constitution stipulates that for any goods or services contracted, public entities are required to use a system that is fair, equitable, transparent, competitive and cost effective. In addition, in line with section 54(1) of the Public Finance Management Act, the accounting authority for a public entity must submit to the relevant treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant treasury or the Auditor-General may require.





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The chapter 13 of the Constitution further mandates the National Treasury to ensure transparency, accountability and sound financial controls in the management of public finances. In line with section 6 of the Public Finance Management Act, the treasury is empowered to prescribe uniform treasury norms and standards and monitor the implementation of the Act, including any prescribed norms and standards.

It is Treasury's view that a company or entity that is doing business with government and has nothing to hide should be transparent and welcome reviews of its dealings with the state. Members of the public also deserve to know how public finances are spent. It should therefore, concern all South Africans that there are efforts to block and undermine the reviews.

In the spirit of intergovernmental relations, National Treasury calls upon all state entities to practise and respect the principles contained in the chapter of the Constitution on co-operative governance.

Issued on behalf of National Treasury

Date: 29 August 2016

