

Key state-owned mining firm transferred to Zwane's control

The Department of Mineral Resources appears to have gone over the head of Energy Minister Mmamoloko Kubayi and her office, telling the African Exploration Mining and Finance Corporation it will be placed under the control of Mineral Resources Minister Mosebenzi Zwane.



Mineral resources minister, Mosebenzi Zwane

The AEMFC, a state-owned mining firm, falls under the Central Energy Fund (CEF), of which Kubayi is shareholder minister.

Mineral resources director general Thabo Mokoena sent a letter to AEMFC CEO Sizwe Madondo in August informing him the company would be hived off to his department following a Cabinet decision taken in December 2010.

"I wish to advise you that AEMFC now falls under the executive leadership of [Zwane] and I am looking forward to a healthy working relationship with you," he wrote.

Questions have been raised on the eagerness of Zwane's department to get its hands on the AEMFC.

According to its website, the AEMFC was established to secure SA's energy supply primarily through the mining and supply of coal for the generation of electricity, and of other resources that will provide energy for the future.

Kubayi's office said no consent was sought from the energy minister on the letter sent to the AEMFC.

Mokoena's instruction that the AEMFC now reported to Zwane also seemed premature, with the Department of Energy saying the transfer was only expected to be undertaken on April 1 2018 to coincide with the start of the new financial year.

The CEF said it was not aware that the AEMFC had been transferred. "The letter you are referring to has never been addressed/sent to both AE board and the CEF board for deliberations so we cannot comment on something we have no clue of," it said in response to questions.

The Department of Mineral Resources did not respond to requests for comment.

Insiders argued that moving the AEMFC to mineral resources could result in forced joint ventures between private citizens and those close to politicians such as the controversial Gupta family. Zwane is known to have close ties with the Guptas and has been implicated in allegations of state capture.

The value of the AEMFC lies not just in its operating profit but in the future value of mineral beneficiation given that it is a state-owned entity.

The Department of Energy said it was confident the long-term sustainability of the CEF group of companies would not be significantly affected by the transfer of the AEMFC.

It said the time until the end of the financial year would be used to ensure there was compliance with the Companies Act and the Public Finance Management Act.

The Department of Energy did not elaborate on the reasons for the delay of the transfer by almost seven years and why the Department of Mineral Resources was now in such a hurry to control the AEMFC.

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