

Molefe blames Glencore, Ramaphosa for Eskom's downfall

Former Eskom CEO, Brian Molefe, blamed Glencore and President Cyril Ramaphosa for the downfall of the country's power utility in his statement at the Zondo commission of inquiry into state capture.



Brian Molefe, former Eskom CEO. Image: Twitter

He said the inquiry should focus on the coal supply contract with the Glencore-owned Optimum Coal Mine and the president's role as its non-executive chairman of the board as the cause of Eskom's financial woes and load shedding, rather than the power utility's dealings with the mine when it was subsequently bought by the Gupta-owned, Tegeta Resources and Exploration.

Glencore acquired the controlling share of Optimum in 2012. "Instead of conducting due diligence and understanding how the coal-supply agreement worked, they did something extraordinary. They sold 9.46% of the shares in the newly acquired company to Cyril Ramaphosa, a political heavyweight and made him chairman of the newly acquired company.

"That was a strategic decision to use the former secretary general of the African National Congress and former secretary general of the National Union of Mineworkers, a member of the national executive committee of the ANC at the time," Molefe said.

He added that Glencore knew the mine would only be profitable if mine renegotiated its coal sales price from R150 per

tonne to R530 per tonne, which would have meant the power utility would spend R8bn more. In addition, the mine owed the power utility R2bn in penalties, which it did not want to pay.

He said he was not ashamed that he refused to honour the renegotiated Glencore price when he became CEO of Eskom, a role he took up in April 2015. This pushed Optimum into business rescue, which paved the way for the mine to be bought by Gupta-owned Tegeta Resources and Exploration for \$136m. A [R564m coal supply contract](#) was awarded to the new owners in June 2016.

In November 2016, Molefe left Eskom after being implicated in public protector Thuli Madonsela's state capture report. The report did not have any findings of wrongdoing by Molefe however, it was alleged that Molefe and Ajay Gupta, the eldest of the Gupta brothers, had made 58 telephone calls to one another between August 2015 and March 2016.



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On resigning, Molefe became further embroiled in controversy when he was illegally awarded a large pension fund payout by the Eskom pension fund.



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