



23 January 2020

Zondo Commission – Eskom’s Gupta contract under scrutiny

Former Eskom chairperson Zola Tsotsi has told the commission of inquiry into state capture that the blessing for a R43-million sponsorship contract for the Gupta-owned *New Age* newspaper’s live-broadcast breakfast briefings came from former CEO Colin Matjila soon after his appointment in an acting capacity. During an investigation into its possible irregularity, Rajesh “Tony” Gupta attempted to get Tsotsi to “make it go away.” Tsotsi was testifying on Thursday.

Matjila came on board as CEO through the alleged interference of then public enterprises minister Malusi Gigaba. In preparation for Brian Dames leaving the post in early 2014, the board took a resolution that his replacement on an interim basis could not come from them, but an invitation to act in the post would be forwarded to members of the power utility’s executive team.

The prospects looked good for then executive responsible for sustainability, Steven Lenin. According to Tsotsi, he was a perfect fit because he was not planning on contesting the soon-to-be-vacated post and would thus not be biased. Tsotsi let Gigaba know, with the minister responding positively. Surprisingly, however, some time later Gigaba called Tsotsi to lambast him on the imminent appointment of a white man so close to the general elections of May of that year. The move, said Gigaba, would impact the ANC’s performance in the polls.

Thus the offer to Lenin was withdrawn, and despite the earlier resolution, board member Colin Matjila was suggested. Matjila signed off on the TNA Media sponsorship deal, in April 2014.

The deal, under the cover of Eskom’s 49M campaign, exceeded the company’s sponsorship budget, raising the concern from Eskom’s audit and risk committee, and prompting an independent investigation into the contract. Sizwe Ntsaluba Gobodo (SNG) was then appointed to probe the matter, and found that the contract was irregular. For one, there needed to be board approval, given the amount at play. Furthermore, it did not have a termination clause, and it was later discovered that this had been removed, apparently by then corporate affairs head Chose Choeu, with Matjila’s approval.

Some time into the investigation, Matjila allegedly attempted to interfere with the process, according to an e-mail read out by evidence leader Kate Hofmeyr, which had been sent to SNG’s Vusumuzi Masilela. In it, Matjila criticizes SNG for not consulting him on the process and not respecting his position as CEO. Tsotsi told the commission that SNG probably took the view that because he was tainted himself, and those implicating him were his subordinates, he need not be consulted on the terms he was demanding.

Frustrated with the process, Matjila told the board that should SNG unfairly find against him, he would sue Eskom for putting him in that position. On the back of this, Tsotsi said, he attempted to intervene

by engaging SNG's chief executive to get clarity on what protection Eskom had against litigation by Matjila.

While the official process was ongoing, said Tsotsi, Gupta called him to the offices of the family's Sahara Computers firm, asking him to use his position as chair to make the problem go away. It did not go away, and in fact, on the recommendation of SNG, a legal opinion was sought, which also found that the contract was irregular.

Useful links:

[Zondo Commission website](#)

Corruption Watch's [Zondo Commission update page](#)

[Eskom](#)