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Zondo commission – Ngubane: Molefe stood up to bully Glencore for sake of SA

Brian Molefe was seconded to Eskom from Transnet in April 2015 on merit and not to advance state capture. This is what the power utility's former chairperson Ben Ngubane told the commission of inquiry into state capture on Tuesday.

Ngubane said after the suspension of CEO Tshediso Matona in March of that year, the board faced a problem of not knowing who to replace him with. "We approached the minister to present our problem in terms of the leadership of the organisation, and she said Brian Molefe would help Eskom, and we were very happy with this."

The minister of public enterprises at the time, Lynne Brown, met with Ngubane and his Transnet counterpart Linda Mabaso, to discuss the secondment. According to Brown's affidavit before the commission, the matter was even escalated to the presidency, and a final decision to second Molefe was taken.

Commission chairperson Deputy Chief Justice Raymond Zondo asked Ngubane for his take on the previous evidence of a Transnet supplier that he was told about Molefe's move from the rail transport parastatal to Eskom months before the discussions happened, in October 2014. Henk Bester testified before Zondo in October last year that during a meeting he was meant to have with then Transnet CFO Anoj Singh at a Melrose Arch restaurant, Gupta associate Salim Essa told him that he [Essa] and his associates control state-owned entities, and had even dictated Molefe's move to Eskom.

"This is a very strange happening. I don't think we have that many powerful prophets in this country," chuckled Ngubane.

"When it came to the suspension of the executives, we were taken aback and we didn't really want to go with this, until the shareholder indicated that it had to be done. So I'd call it a random happening, because in terms of our own actions there was no plan, things just developed."

But Zondo put a further proposition to him, that it was perhaps not the design of the board, but that certain people outside Eskom had planned Molefe's appointment. Ngubane conceded that may have been the case.

"There seemed to be something quite special maybe about Eskom and him," Zondo probed further, adding that in his testimony, former deputy finance minister Mcebisi Jonas said one of the Gupta brothers told him that they work well with Molefe, and that his career was secured.

"Among black people there are very, very few people with the capabilities of Brian Molefe," Ngubane responded. "In our society there is a very limited number of people with skill and capability, so it can be easy to predict someone's trajectory."

Ngubane made the example of his own career progression in politics, from being premier of KwaZulu-Natal, to minister of technology and later chairperson of the boards of the Land Bank and SABC, all at the request of those who oversaw those portfolios.

“In our development as a new government, there has been a very strong element of cadre deployment... when the elite, the governing party, thinks they know someone with capabilities, they will make sure that person gets it.”

Evidence leader Advocate Pule Seleka questioned Molefe’s interest in Eskom’s coal supply arrangement with Glencore-owned Optimum Coal Mine (OCM). Molefe, said Seleka, terminated an amended coal supply agreement with OCM in May, soon after arriving at Eskom, only to strong-arm the company into agreeing to new terms. This at a time when OCM was going through financial hardships that until then had been on course to being addressed by Eskom.

Ngubane disagreed: “The issues with Glencore, from what I’ve read or what I’ve heard, stem from a period when the export coal price was rocketing in dollars and every coal producer was trying to get into the international market.

“That time OCM was washing its coal, taking out the best for export and giving rubbish to Eskom. Even that rubbish was below [what] the coal supply agreement stipulated. And that’s where the issue of penalties started coming in. So they’re misrepresenting the issue that their hardship started when the export coal price collapsed. They benefitted billions at Eskom’s expense while the coal price was up there.

“It’s pathetic that big organisations like this, wealthy as they are, have totally abused us in South Africa, to cream off [sic] all the wealth and take it overseas to their shareholders.”

The circumstances at the time of the negotiations with OCM were not as the company has publicly stated, and it was evident that they put profit before all.

“When Mr Molefe told us later that Mr [Yvan] Glasenberg [CEO of Glencore] said to him because you are stiff-headed, I’m going to stop supplying Hendrina, and this load shedding will then become a national blackout, we all felt it, because it was real arrogance coming from a man from Switzerland coming to tell us how he wants us to bow to his demands to treble the price of coal from R150 to R513 per ton overnight.”

Ngubane said the board was happy with Brian Molefe because “he was stopping the exploitation of the people of this country”.

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