

Eskom tender irregularity referred to Public Enterprises

The Broad-Based Black Economic Empowerment (B-BBEE) Commission has referred its findings into the irregular awarding of a tender at an Eskom power station to the minister of public enterprises and director general of National Treasury.



Duvha power station

The referral follows the commission investigating Eskom's awarding of a tender at its Duvha power station to a Chinese-owned entity that did not meet the B-BBEE requirements.

The commission received an anonymous complaint alleging that the tender process for the boiler at the Mpumalanga located power station did not comply with the requirements of the B-BBEE Act.

The commission received the complaint on 25 May 2017.

The complainant told the commission that the tender was awarded to Dongfang Electric Corporation Limited.

"Upon investigation, it was found that Eskom Holdings SOC Limited failed to comply with section 10 (1) (b) of the B-BBEE Act in awarding of the tender to Dongfang Electric Corporation Limited, an entity with 0% black ownership when the tender required at least B-BBEE Level 4," the commission said.

Independent audit

The commission - which is an entity of the Department of Trade and Industry (dti) - has recommended that Eskom cancel the contract and conduct an independent audit of all its contracts above R1bn from 2014 to check compliance with B-BBEE requirements.

The B-BBEE Act was amended in 2013 specifically to make it mandatory in section 10 for organs of state and public entities to implement the B-BBEE Act, and not only when they choose to do so.

“Therefore, in addition to the recommended contract cancellation and the independent audit by Eskom Holdings SOC Limited, we recommended investigations in respect of officials that were involved in this tender process so that decisive action can be taken to prevent this in future.

“Of concern also is the possibility that this tender process may have been deliberately compromised to favour a specific entity,” it said.

Meanwhile, the power utility which has lent its cooperation in the matter, has agreed to implement the commission’s recommendations.

“The commission has since referred the findings in this matter to the minister of public enterprises and the director general of National Treasury for further consideration, in line with the recommendations.

“The success of the B-BBEE Act also depends on the state implementing it properly and consistently, and this must be carefully monitored,” said the commission.

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