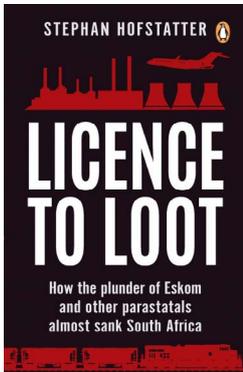




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Licence to loot: How the plunder of Eskom and other parastatals almost sank South Africa



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# Learning to doubt and challenge everything related to Eskom and other parastatals in South Africa

The dark cloud of corruption, mismanagement and, in many cases, unethical conduct in the political arena of the first decade of the 21st century in South Africa is examined in Stephan Hofstatter's book *'Licence to Loot: How the Plunder of Eskom and Other Parastatals Almost Sank South Africa'*. With a particular focus on Eskom and Transnet, Hofstatter aims to shed light on the state companies' years of failure. From the first word, it becomes apparent that the book will make the reader doubt everything said by anyone in the public sphere. The author's experience as an investigative journalist is crucial, not only in the provision of the facts, but also in taking the reader on a quest to discover the truth by putting the pieces of the puzzle together.

I suggest the book be read with a bookmark on the flowcharts of the different enterprises and companies associated with Eskom and Transnet given in the beginning of the book. I must admit that some of these linkages are subtle and perhaps no longer exist, but they are all critical in understanding and contextualising every 'story' and conceiving fully their wider impacts.

As in a fictional spy novel, stories and characters such as Jacob Zuma, Zwelinzima Vavi, Julius Malema, Shabir Shaik, Brian Molefe, Matsela Koko, Salim Essa and of course the infamous Gupta brothers (like ghosts, always present in meetings and events and agreements) take the 'stage' in an exciting story – one unfortunately not only based on true events. Zuma is portrayed simultaneously as a puppet in the hands of the Guptas and as a person acting only for his own benefit and that of his family; the reader is shown that Zuma and the Guptas were not the only 'villains' in the story, but that others played instrumental roles in the looting.

Hofstatter is excellent in connecting the dots by presenting facts in a timeline that, however, at times, can be pedantic: there are many details that do not always appear to the reader to be important. In addition, the timeline, especially in the second half of the book, becomes difficult to follow as it jumps back and forth for the sake of presenting crucial individuals' roles in the story.

The book is directed not only to readers interested in politics, economics or energy – it will appeal to the average South African who feels the responsibility to understand what happened and is happening in the political arena, especially in a year with national elections. The ways and methods of politicians should be transparent, ethical, lawful and publicly accepted for a democracy to function properly. In that sense, the book is a good contribution towards transparency, in that it encourages readers to be more critical in determining what to believe and what to challenge, as well as what should be avoided in the future for South Africa to survive the storm.

Chapter 1, 'Zuma's Dubai Bolthole': The introductory chapter takes the reader back in time with the unfolding of the purchase of Optimum by the Guptas in 2016 and the Nene saga in 2015. The interlinking of individuals and situations emerges as the events are presented as a historical timeline.

Chapter 2, 'President for Hire': The reader is taken back to 2008 and the ANC's newly elected president, Jacob Zuma, and preparations for the 2009 national elections. Flashbacks to events thus far indicate Zuma's involvement in corrupt activities such as Shabir Shaik's conviction, the Scorpions saga, the notorious arms deal, and his sons', Duduzane's and Duduzile's, financial adventures. In this chapter, Zuma's meetings with Zwelinzima Vavi and Blade Nzimande are already signs of the president's priorities.

Chapter 3, 'The DRC Moment': This chapter discusses Zuma's 2010 visit to the UK and what is referred to as the 'DRC moment' of Zuma's era. The complicated web of companies and deals within the mining sector – especially that related to the ArcelorMittal–Sishen scandal is important in this chapter. Shares changing hands, laws taken advantage of, and shady meetings in Saxonwold all have a common denominator: the Zuma and Gupta families.

Chapter 4, 'What the Driver Saw': The story continues with an interesting description of a key witness's diary on important people and their visits to Saxonwold and the Guptas in 2010–2011, accompanied by a report on the notorious family's attitude and behaviour. Among the frequent visitors to Saxonwold was Brian Molefe; we read more on his credentials and history in politics, and the role he played in numerous corrupt deals involving Transnet, Eskom and the government.

Chapter 5, 'Trains and Planes': This chapter begins with Transnet's importance to the South African economy as well as the challenges of its operation, amidst tendering processes that were tampered with and deals proposed 'under the table' in the name of Zuma, with serious repercussions to project value pricing. But who is Salim Essa – a shadow in all these deals or a protagonist?

Chapter 6, 'Sharing the Spoils': This chapter explains how Transnet embarked on a strategy to stimulate demand based on future projections of not only local but also global growth and demand of commodities. Amidst other economic events, these forecasts were optimistic, so much so that the investment was in a sense redundant. This situation can occur with any company (especially in the current uncertain economic conditions), but the chapter explains the peculiarity of this strategy in South Africa – with players such as China South Rail, the Guptas and Molefe, and McKinsey and many others.

Chapter 7, 'Indecent Proposal': This chapter takes the reader through a brief history of events leading to the 2008/2009 crisis, in a timeline parallel with that of Brian Dames' involvement with the national utility. Dames, the youngest chief executive in Eskom's history, made as his sole purpose the resolution of the problems with the old fleet and the management of the utility. However, he encountered political hurdles, primarily in the face of

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Malusi Gigaba and other individuals from the Eskom board, until ‘the last line of defence against the looters’ was also gone.

Chapter 8, ‘Making Hay’: This chapter shows that the political involvement in Eskom and other utilities did not stop with Dames ‘removal’ in 2014. Tsholofelo Molefe (finance director of Eskom at the time – in 2005) had to face proposals for ‘advice’ to Eskom from various involved parties. Even though several objections were raised from within Eskom, this chapter shows that they made no difference.

Chapter 9, ‘Turn Off the Lights’: This part of the story follows the efforts – behind the scenes – to surpass the past problems, especially with coal supply, whilst corruption established itself, leading to the next load shedding in 2014. Last-minute coal deals made with politically connected companies to avoid another crisis (or with that as the excuse) created opportunities for further exploitation that brought Eskom to its first bailout by government in 2014; Eskom management’s reasoning was that they were not allowed to charge ‘cost-effective tariffs’.

Chapter 10, ‘Tsotsi in the Boardroom’: The chapter is devoted to Zola Tsotsi, ‘Zuma’s man at Eskom’ and his role in the looting, and compares and contrasts what happened in the public eye with that behind the scenes, as well as what was discussed in parliament a few years later. Hofstatter provides thought-provoking facts, such as the ‘approval requests’ to the Guptas on the board and others. Those that were not *with* them, eventually became *against* them and exited Eskom.

Chapter 11, ‘Stacking the Deck’: The arrival of Brian Molefe at Eskom and his role in the story is presented in this chapter. The high expectations of him to sort out the problematic utility are discussed, as are the obstacles to those expectations materialising.

Chapter 12, ‘Engineered Emergency’: The coal market dynamics are again the focus in this chapter, coupled with the importance of accurate forecasting that enforces coal price and supply negotiations. The role of Exxaro and Optimum in the network of individuals and companies connected with Zuma and the Guptas is discussed subsequently. This chapter exposes a number of conversations in which the decisions of individuals placed in crucial positions were made on behalf of Zuma.

Chapter 13, ‘Trillian’s Billions’: The usual team of puppeteers – well known by now to the reader (Essa, McKinsey and Trillian, Guptas) – brings more

players into the game. This chapter details how Bianca Goodson and Mosilo Mothepu were used to enable looting by the network.

Chapter 14, ‘Show Me the Money’: The plot thickens once more and the buying and selling of companies through money transfers continues. The Optimum deal and its aftermath is in the spotlight in this chapter, with explanations of how a mine, that on paper was a liability, was turned into a money-making machine.

Chapter 15, ‘Things Fall Apart’: Thuli Madonsela’s investigation was considered by many to be the beginning of the end. This chapter presents and explores the change in dynamics and behaviours after the investigation was initiated, such as how Molefe changed his claims.

Chapter 16, ‘A Brazen Thief’: From Molefe to Koko (and the business links of his wife), the Eskom leadership seems to be trembling in 2016. Molefe’s retirement plans, however, do not show a ‘clean face’ in the saga. Lynne Brown openly criticises the Eskom board while 2017 is marked as the year that various media publish a series of leaked emails that shed more light on the story. The Cyril Ramaphosa presidency tries to clear the air in 2018 by removing involved parties.

Chapter 17, ‘Secrets and Lies’: This chapter starts with describing the internal turmoil in Eskom and parliamentary political swordsmanship. Brown insists she was lied to, while behind the scenes Essa tries to get Daniels ‘out of the game’ by any means possible.

Chapter 18, ‘Tea Money’: Anoj Singh is at the centre of a number of scandals regarding Transnet and Eskom, all associated with the Guptas. Changing drivers at Eskom’s steering wheel from Molefe to Dladla to Maritz also created its own consequences, as discussed in this chapter.

Chapter 19, ‘On the Run’: The first arrests in now infamous Saxonwold in the beginning of 2018, certain individuals leaving the country, and Zuma’s resignation as President were the nodal points for the possible end to the looters’ world. This chapter discusses the conditions leading to that day.

Chapter 20, ‘Garden of Hope’: Hofstatter discusses the status quo of Eskom: the debt, the corruption, the politics. He summarises the instrumental individuals and their role in the current problematic situation that has brought the South African economy to its knees. The book closes with the hopeful conclusion that ‘...the licence to loot has been revoked’.