



## **EFF STATEMENT ON THE FORENSIC REPORT ALLEGING PETROSA OF WRONGDOING AND GROSS MISMANAGEMENT**

Friday, 25 March 2022

The Economic Freedom Fighters notes with disgust and shock at the rampant corruption and mismanagement of PetroSA which has caused the one of many ailing state entities, a loss of more than R500 million.

These findings were made by a forensic report conducted by Mfezwa Holdings which is an advisory services company. This investigation came after complaints were made by three trade unions and these gross acts were conducted over the period of 2015-2019.

The Report found that PetroSA has been involved in dodgy bonus performances schemes and sign-on bonus fiasco wherein R4.6 million was paid to Former PetroSA Acting Group CEO, Kholly Zono, upon his appointment as COO, an appointment which did not follow any particular recruitment process.

Conducts of wastage and negligence were amongst the findings wherein a 2017 shutdown meant to be completed in a single phase was split into two under the guise of saving the company R64 million, this instead exceeded the budget and a gross margin loss of R104 million loss was registered as a result of setup costs associated with contractors who were not considered.

PetroSA is a recurring liability to the state and the country as in 2020, their main asset in Mossel Bay which is a gas-to-liquid plants has been out of action because the company had ran out of Offshore gas feedback which continues to drastically affect the economy of the surrounding towns and of broader regional economics.

The ongoing mass retrenchments are clearly not because PetroSA cannot pay salaries as it is claimed, but are a result of the rampant looting of the company.

The EFF has long proclaimed that the Central Energy Fund (CEF) under the Department of Minerals and Energy spearheaded by Minister Gwede Mantashe, which PetroSA is a substructure of is unable to oversee, regulate and bring about accountability in these deteriorating state agencies.

These damning reports confirm the neo-liberal capitalistic agenda and attempt to deliberately collapse state agencies in South Africa with the intention to privatize them after being sold a low value amount.

The EFF will not sit by as agents of white monopoly capital seek to privatize state agencies and we call for a full disciplinary, legal action and the arrest of all those involved in this mismanagement of funds, poor planning and the looting of this state entity. Furthermore, the government must recover the money lost by any means necessary including auctioning all of the assets purchased through these looted funds.

The EFF also calls for the Department of Minerals and Energy alongside the Department of State Owned Enterprises to intervene and assist in saving PetroSA and all state agencies that are currently being made dysfunctional in the country. PetroSA has been a support base of our economy and created employment for many South Africans and should never be abandoned.

**ISSUED BY THE ECONOMIC FREEDOM FIGHTERS**

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