



MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA

PRIVATE BAG x 96, PRETORIA, 0001, Tel (012) 406 7658

PRIVATE BAG x 9111, CAPE TOWN, 8000 (021) 469 6412, Fax (021) 465 5980

Enquiries: Malusi.ndlovu@energy.gov.za

Memorandum from the Parliamentary Office

507. Mr G Mackay (DA) to ask the Minister of Energy:

- (1) Whether she will furnish Mr. G Mackay with the full unabridged contract of the Strategic Fuel Fund's sale of crude oil in December 2015; if not, why not; if so, by what date;
- (2) What (a) (i) statutory grounds and (ii) procurement regulations were relied on for the specified sale and (b) were the (i) quantities and (ii) grades of the various fuel stocks that were sold? NW564E

Reply

- (1) The agreements for the sale of crude oil entered into by SFF with the buyers contain confidentiality provisions that prohibit SFF from disclosing the contents of these agreements to third parties. The consent to disclose to third parties must first be obtained from the buyers before such disclosure can happen. The buyers have a right, in contract, to decline SFF's request unless SFF is compelled in law to make a disclosure.
- (2) (a)(i) National Energy Act 2008, s17(1) states that *'The Minister may, in a prescribed manner, for the purpose of ensuring security of supply, direct any state-owned entity to [...] maintain and manage national energy feedstocks'* and through s17(2) *'the nominated state-owned entity must perform the functions in subsection 17(1) in accordance with the relevant published security of supply strategies'* and read with s17(3)(b)(ii) which states that *'the strategies or policies contemplated in subsection 17(2) may contain but not be limited to the conditions under which withdrawals may be made from such strategic energy feedstocks'*.

2(a)(ii) Procurement regulations apply to procurement of goods and services, the sale was governed by subsection 54(2)(d) Public Finance Management Act 1 of 1999 which states that *'Before a public entity concludes an [acquisition or disposal of a significant asset], the accounting authority of the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.'*

2(b)(i) 10 million barrels;

2(b)(ii) Bonny Light and Basrah blend.