

## **All talk and no action will not clean up the rot in Public Enterprises**

By **Farhat Essack MP** – DA Shadow Deputy Minister of Public Enterprises

Chairperson,

Today, Minister Pravin Gordhan will once again give assurances that his Department's turnaround strategies for State-Owned Enterprises (SOEs) are on course and that these entities will soon emerge from the edge of financial ruin that they currently face.

It is a line that successive Ministers in the Public Enterprises portfolio, and the ANC government itself, love to band about whenever they are called upon to account on failing SOEs. But South Africans can now see beyond this empty rhetoric. Almost every week there are stories of how SOEs are lurching from one crisis to another, with no discernible solution in sight.

On his appointment in 2019, Minister Gordhan was touted as the 'fixer' who was going to turn around the fortunes of SOEs and bring about an era of prosperity for these entities. In fact, the Minister was quoted in March 2019 saying: *"Ideally we want our state-owned companies to be fully self-sufficient and able to fulfil their economic role. But where state-owned companies are not able to raise necessary financing from financial institutions or the fiscus, we will explore other mechanisms, such as strategic equity partners or disposal of non-core assets..."*

Save for SAA, whose deal with a so called strategic partner is still mired in controversy with an ever increasing possibility that the State may have to cough up more billions for the airline, almost all SOEs in South Africa are hanging by a thread and could go bankrupt at any time.

Three years after committing to a disposal of non-performing assets within the SOE sector, Minister Gordhan has delivered nothing on that promise. These days, his favourite excuse for lack of action on underperformance in SOEs is to hide behind State capture. Even on that front, holding accountable those who have been implicated by the Zondo Commission has been abysmal.

The Zondo Commission has recommended that an investigation be launched to uncover how Alexkor entered into a dodgy contract with Scarlet Sky Investments, a Gupta company, to market and sell the diamonds produced by Alexkor. This dodgy deal disadvantaged the impoverished Richtersveld community in the Northern Cape, who were supposed to benefit from their successful land claim. The question then is, has the Department of Public Enterprises instituted this investigation as recommended by the Commission? No, it has not.

The Zondo Commission recommended that Denel, the Department of Public Enterprises and the Intellectual Property Commission should consider bringing appropriate proceedings against Daniel Mantsha and other members of the 2015 Denel board who were shown to have supported Mantsha in his efforts to capture Denel for the Guptas. Has the Department made any effort to action this recommendation? Your guess is as good as mine.

Maybe today is the day that Minister Gordhan will tell us why there has been zero prosecutions to date on SA Express who were found, by the Zondo Commission, to have colluded to defraud the North West government through an *"elaborate corruption scheme"* involving an airports project of the North West Department of Transport. I doubt we will get any satisfactory answer on this one either.

Unless tangible action is taken against the architects of State capture, any claims of a 'clean-up process' will continue to ring hollow.

Criminals who looted SOEs must be in jail and dysfunctional SOEs must be opened up to private investment. That is the only way we can begin to free the fiscus from these underperforming entities.

I thank you.