**MEDIA STATEMENT**

**COMMITTEE WELCOMES DENEL UPDATE ON FORENSIC INVESTIGATIONS**

**Parliament, Wednesday, 05 December 2018** – Denel is busy in a process to close down the controversial Denel Asia.  The state-owned arms company today informed the Portfolio Committee on Public Enterprises that this process  will take some time to finalise. The committee was briefed by a delegation, led by Denel chair Monhla Hlahla, on the current state of forensic investigations at the company.

The committee previously questioned why Denel Asia was established but was informed by the previous board that Denel Asia was set up as a legitimate company to expand its footprint in the Asian market. The committee suggested then that there was no need to expand as Denel had an existing footprint in the Asia.  The committee was of the view that the company was set as a catalyst for state capture.

The committee welcomed the open and frank presentations. During its presentation Denel said its revenue had declined by 38% for the 2017/18 financial year. This according to the delegation was partly due to weak contract management. The company is also facing liquidity challenges which has impacted on the payment of suppliers.

The committee was informed that the approximately R1.1m flight school bursary awarded to Mr Oarabile Mahumapelo, the son of former North West Premier Supra Mahumapelo, has been terminated and will be referred to law enforcement agencies for investigations. Denel admitted that the bursary was granted without following the proper selection processes as outlined in its bursary policy.

Chairperson for the committee Ms. Lungi Mnganga-Gcabashe expressed her satisfaction and gratitude the new board has conducted so far.

 The committee said outcomes of the investigation should lead to consequence management not only for the staff implicated but also the politicians who have been found to be involved in looting at the company.

The committee noted with concern, that when engaging with state owned companies (SOC) that have appeared before the committee they are dealing with new boards which makes it difficult for the committee to fully hold them accountable for the mistakes of previous board members.

The committee questioned Denel on the loan agreements that it was reported to have with Qatar and Saudi Arabia. However, Board Chairperson, Ms. Hlahla, said Denel did not have loan agreements with outside countries. She also denied that the company was up for sale.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES MS LUNGI MNGANGA-GCABASHE**