**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

\_\_\_\_

***PROCEEDINGS OF MINIPLENARY SESSION – NATIONAL ASSEMBLY CHAMBER***

\_\_\_\_

Members of the mini-plenary session met on the virtual

platform at 10:00.

The Acting Chairperson Ms R M M Lesoma took the Chair and

requested members to observe a moment of silence for prayer or

meditation.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon members, before

we proceed I would like to remind you that the virtual mini-

plenary is deemed to be in the precinct of Parliament and

constitutes a meeting of the National Assembly for debating

purposes only. In addition to the Rules of virtual sittings

the Rules of the National Assembly including the Rules of

debate shall apply. Members enjoy the same powers and

privileges that apply in a sitting of the National Assembly.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 2**

Members should equally note that anything said in the virtual

platform is deemed to have been said to the House and maybe

ruled upon. All members who have logged in shall be considered

to be present and are requested to mute their microphones and

only unmute when they are recognised to speak. This is because

the mics are very sensitive and will pick up noise which might

disturb the attention of other members. When recognised to

speak, please unmute your microphone and connect your video.

Members may make use of the icon on the bar at the bottom of

their screens which has an option that allows a member to put

up his or her to raise points of order. The secretary will

assist or alert the Chairperson to members requesting to

speak.

When using the virtual system, members are urged to refrain or

desist from raising unnecessary points of order or

interjections.

Hon members, let me deal with the confusions which seem to

have occurred. I noticed that the final speakers’ list

indicates 9:00, but the programme that has been circulated to

members and the link indicate 10:00 hence the platform was

opened at 9:30. With that, there was no confusion from my side



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 3**

or the front Table. The mini-plenaries start at 10:00. Now we

proceed to the Order of the day, Debate on Vote No 10 – Public

Enterprises, Appropriation Bill.

Mr W FABER: Chairperson, it’s hon Faber.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Is it a point of

order? Yes, I can hear you, proceed.

Mr W FABER: Chairperson, I just want to bring to your notice

that today is the hon Mr F Essack’s maiden speech in the

National Assembly. Although he was a member of the NCOP he

returned to the National Assembly and I just want you to,

maybe, welcome him and that they respect him on his maiden

speech in the National Assembly today. Thank you, Chair.

The ACTING CHAIRPERSON (Ms R M M Lesoma): That point is noted.

Allow me, hon members, to proceed. I now recognise the hon the

Minister of Public Enterprises to present the Appropriations

Bill. Over to you, sir!

**APPROPRIATION BILL**



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 4**

Debate on Vote No 10 – Public Enterprises:

The MINISTER OF PUBLIC ENTERPRISES: Chairperson, hon members,

chairpersons, CEOs, employees of state-owned enterprises,

SOEs, ladies, gentlemen and the public that might be

listening, I have the honour today to present the Budget Vote

for the Department of Public Enterprises for the 2022-23

financial year. We do so in a complex economic, social and

political world in which geopolitical tensions and war prevail

and have resulted in the shocking rise in energy prices as

well as a rise in food prices and other costs of living. Huge

economic stresses have emerged in many parts of the globe,

rising inflation, increasing interest rates, risk of

stagflation and even recession in certain countries. There is

a battle between a multilateral and multipolar vision of the

global order and this has been contested by a unilateral and

unipolar vision and actions that pursue this vision.

The impact of the COVID-19 pandemic as led to a reordering of

the productive capacity and its location as well as the

disruption of global supply chains which are impacting people

throughout the world. The impact of climate change has

hastened global efforts to transition to a net zero carbon



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 5**

resilient economy that is just and fair. Gross inequality in

most parts of the world is matched only by the extraordinary

greed and rapaciousness of elites across the world. Fake news,

bots, populist narratives and bullying now seek to intimidate

and mislead desperate people into wrong political choices.

These factors greatly impact South Africa, its economy and its

people. This compounds the many challenges we have in South

Africa which we are all familiar with, namely, unemployment,

low growth, erratic investment, poverty and inequality. We

have to all of these challenges confront and to overcome. But

this has been compounded further by the heartrending tragedies

in the recent past, namely, the state capture, the July

unrests, the pandemic, floods earlier this year in KwaZulu-

Natal and now the impact of war elsewhere in the world. In all

of these, ours is the responsibility to ensure progress,

redress, recovery from the damage caused and unite the

progressive forces and people in a joint effort to rebuild,

recover and reinvent SOEs. This is central to the economic

reconstruction and recovery plan of government.

The Department of Public Enterprises has the mandate to

oversee this process in some of the important SOEs. We must

therefore seize the many opportunities we have and overcome



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 6**

the challenges left to us by our past, firstly, by enhance the

governance and integrity amongst SOEs and not only at the

level of the board, but also at the level of the staff;

introduce a new ownership model with the guidance of the

Presidential State-Owned Companies, SOC, Council; implement

the structural reforms needed in the network industries that

working is working hard at; to take account of and implement

the recommendations of the Zondo Commission; relentlessly

focus on operational improvements and efficiency in all of our

SOEs; reinvent the business models of the SOEs and their

strategies to take account of some of the global developments

that I have referred to; constantly build the professionalism

and competence of managers and staff; co-operate with workers

to lead and embrace the substantial changes that are required

in the SOEs; needed to ensure the sustainability of SOEs;

encourage public–private partnerships that mobilise the

necessary resources and skills to advance the SOE programs;

and above all we need to combat corruption, disruption and

indeed sabotage whether from the SOEs or from the

counterrevolutionary quarters and criminals outside SOEs.

Chairperson, I was informed by the management of Eskom this

morning that yet another incident has taken place at the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 7**

Hendrina Power Station where an important cable which is

required to start a unit that was undergoing repairs and to

get synchronised to the rest of the system, was cut. These

flexible copper bars which are required to synchronise this

unit to the rest of the power infrastructure was stolen next

to the generator and the reactor earth bars, as they are

called, were also stolen by, obviously, people working within

the power station. These are what engineers call single points

of failure. In other words, if there is a problem with these

bars and cables you cannot connect this unite which is ready

for connection and to supply power to the grid. These are

amongst other revelations that have occurred over the past few

days, namely, the corruption with the supply of oil and the

cable that was cut at another power station a few days ago.

These are all directly related to the load shedding that we

have experienced today over and above other operational

issues. I thought it is important that the hon members and the

public are aware of some of the challenges that we face –

something that I will return to.

These are all matters that impact ultimately on every single

person amongst the 60 million South Africans. The acts of the

greedy, the corrupt, the bully and the counterrevolutionary



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 8**

set back our progress as a democracy and stop us from becoming

a caring nation. While they sit back to enjoy their spoils,

the damage they cause is borne by our communities, by workers,

by small businesses, by the unemployed and the youth. Now is

the time for all of us to join the ranks of those who want to

build a better future and better institutions and not just

point fingers among ourselves. Now is the time to care for the

hungry, the marginalised and those in despair. Nothing can

destroy the might as we have learnt throughout our history of

an organised people driven by a clear vision and who take

their destiny into their own hands and change the course of

history. Ours is a task to build partnerships with communities

who are directly affected by the many changes that are

happening both in South Africa, generally, across the world

and in particular in a way in which our SOEs work.

We also need an important contract and constrictive

partnerships with workers who have an opportunity to be

partners in the process of transforming SOEs and to protect

the infrastructure that currently is facing all source of

challenges from the various forces. We also need partnerships

with the private sector which will take various forms from

joint investments with the private sector to solving



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 9**

challenges and problems at the day-to-day level and to

proactively collaborate.

In respect of the latter, Minister Patel and I have agreed

that in view of energy and logistic issues being vital to the

success of our industrialisation efforts, we will launch a

forum in which industrialists in key sectors together with

Eskom, Transnet and other entities will enhance collaboration,

advance planning and problem-solving. This will enable a

better climate for investment and job creation. We are both

making this announcement in our respective budget votes which

are taking place at the same time today.

Chairperson, Judge Zondo finds that the evidence presented to

him revealed that there was systemic corruption that collapsed

governance in these SOEs, and was led by certain board members

and senior executives. These people, he said, must be held to

account. His report has to date confirmed that state capture

tentacles were deeply rooted in Transnet, Eskom, Denel, SA

Airways, SAA and unfortunately, in the Department of Public

Enterprises as well. The department has moved swiftly since

2018 to ensure that SOES reporting to it open criminal cases

with the law enforcement authorities pursue civil recoveries



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 10**

to claw back billions of rands, refer cases to the registrar

of companies so that former directors of SOEs found guilty are

prohibited from ever again serving as company directors,

blacklist companies on the central supplier database to

prevent them from accessing state procurement opportunities

and refer cases to professional bodies for enquiries to ensure

that perpetrators and collaborators of state capture such as

auditors, accountants, lawyers and others, are prohibited from

practicing in their respective professions.

We must do these things so that the people responsible can be

made accountable - that is what the public demands - and so

that we never again allow our institutions to be destroyed.

We must collectively applaud the bravery of whistle-blowers

who put their lives at risk and continue to do so today to

expose the rot of state capture and criminality. They must be

protected and their courage must be celebrated.

Our mandate is to ensure that some of the plans in this

financial year must be implemented in this financial year by

SOEs. In respect to Eskom, I have already referred to some of

the challenges that it faces. But clearly Eskom generation is



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 11**

underperforming with the energy availability factor

languishing at 58% to date, as opposed to the target of 75%.

The reasons for the poor performance are well known and are

getting urgent attention. Eskom is taking urgent steps to

improve the performance of generation. An operations

excellence initiative is also in place in order to identify

the major causes of underperformance and to make improvements.

At selected power stations war rooms will be set up in the

next few weeks to ensure that production challenges get

tackled in a systematic way.

In addition to this, a skills mentoring programme using highly

experienced power station managers has been launched. This

team will be deployed to power stations where load losses are

particularly severe.

There is clearly a neglect in relation to maintenance in the

Eskom’s past. This past neglect of maintenance is not easily

overcome. Contractors are going to be held accountable from

this point on for direct improvement in the energy

availability factor as a result of the work undertaken, and

not just paid because they have done some piece of work which

are often turn up to be shoddy. There need to be an upgrading



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 12**

of skills and training of senior managers, senior engineers

and operators. A lack of engineering and technical skills and

experience in Eskom remains a significant challenge. These are

prerequisites for a major industrial operation like Eskom.

Eskom has introduced a new training programme at its academy

of learning to upgrade the skills of these people.

Lack of generation capacity is also a constraint that has been

publicly articulated. Eskom estimates, as we have said before,

that 4–6GW of 4 000 to 6 000 of additional capacity is

immediately required in order to allow for proper maintain of

power stations. Government has issued bid windows 5 and 6 and

will be moving on to 7 - as my colleagues has announced - in

order to ensure that an affective 3 000MW is added to the

grid. However, this might not be adequate on its own rights.

The President’s announcement of the lifting of licensing

restrictions on own generation to 100MW will undoubtedly

assist the position. However, red tape is holding up the

development in these projects and we need to appeal to the

National Energy Regulator of South Africa, Nersa, to speed up

the processes of approval and cut red tape.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 13**

Recently, Eskom has opened up its own land around power

stations in Mpumalanga for long-term leases to renewable

energy developers which will see investments in these areas

before the end of the year.

The poor quality of coal is another factor that is seriously

damaging power station plants. This is caused by syndicates

that deliver coal from the mines to power stations mixing this

coal with metals, rubbles and other rubbish which ultimately

cause huge damage to bottles tubes and many other parts of the

Eskom machine at the power station machinery. Eskom is seeking

collaboration with the coal mining industry to solve this

problem and this require their early attention. I have

indicated that sabotage continues to be a problem. There are

more and more examples that are emerging and clear evidence

that this is an issue that the whole of the state need to get

involved in and address.

Corrupt procurements, although has been set back a bit,

continue in many sectors of Eskom as well. There is more than

adequate proof that something apart that it might cost R100 or

R100 00 eventually get bought for R1 million and the rest of

the money is shared across the value chain of beneficiaries



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 14**

who enables this kind of corruption to continue. Measures are

being taken to identify the insiders who are enabling

syndicates to gain access to the procurement opportunities,

and who are involved in essentially defrauding Eskom. Measures

are also being taken to eliminate overpricing and other

malpractices

Eskom has made remarkable progress in terms of financial

stabilisation and has been able to achieve significance

improvements in its earnings before interest, taxes,

depreciation, and amortisation, Ebitda, for the 2022 financial

year with early indications prior to audit confirming this

showing an improvement of over 85% compared to the 2021

results. Eskom has also achieved savings of R50 billion since

inception of the savings program in the 2019-20 financial

year. A further reduction in debt to R396 billion has also

been achieved.

The structuring process in Eskom and the separation of the

transmission is moving at a pace and a transmission company

has already been set up. A just energy transition process has

been more than adequately prepared for. All that is being



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 15**

awaited at this point in time is the finances to enable Eskom

to move in this direction.

Transnet is another important entity that affects the network

of logistics in this country and the supply chain that must

operate efficiently in our country. Transnet is driving a

portfolio of initiatives intended to address challenges to

competitiveness of South Africa’s value chains. The Ports

Authority plans to improve operations by refurbishing tag and

pilot boats, acquiring a new helicopter for private services

and 12 new tons for the port system. Transnet port terminals

will focus on three aspects, namely, people, port equipments

and processes to reach the desired port efficiencies. Transnet

pipelines is combatting the issue of pipeline tapping or

stealing of fuel from the pipeline. This is a huge detrimental

factor equivalent to the cable theft that is occurring in many

of our SOEs. Tapping has also become a serious environmental

issue and requires affected areas to be rehabilitated as a

consequence.

Transnet is implementing the following policy objectives,

namely, approved branch line concessions are now fully

operational for concessioning; recently announced the slots



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 16**

sales on the container and Cape Corridor for private sector

participation has been activated; procurement of port

equipment, as I indicated earlier, is taking place;

corporatisation of the Ports Authority has been accomplished;

and the road to rai migration strategy will increasingly take

effect as rail infrastructure, particularly the post-KwaZulu-

Natal floods are resolved. There are specific sectors of our

industry that are receiving the necessary attention and

support from Transnet. The automotive industry, for example,

the development of a prefeasibility business case and the

request for information, RFI, for the Kaalfontein area and the

three auto port terminals are in progress.

As far as manganese is concerned a decision was taken to limit

the expansion via the Port of Ngqura and the Port of Saldanha

to increase their capacity.

Regarding energy, the Richards Bay natural gas import terminal

initiative RFI was closed on 14 April 2022, with an extension

of one month as per request from certain participants.

Private sector participation is also being pursued by Transnet

so that these partners can be brought in in respect of the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 17**

development of the Pier 2 at the Durban Container Terminal and

the Ngqura Container Terminal as well.

Transnet’s financial performance will improve from the

previous year as a result of recovery from the COVID-19

pandemic and in the near future there should be a solid

financial sustainability within Transnet itself.

Much has been said about the SA Airways, SAA, and the sale of

the 51% of its shares to the Takatso Consortium. Let me assure

the public and hon members that there has been absolute

transparency in this process. All the necessary legal

processes were compiled with. Notwithstanding regulative

efforts by many to sabotage or undermine what is an important

project in terms of recovering an SOE from the damage that was

caused by the state capture. The airline has begun to operate

from September 2021 and there are various routes for domestic

and across the African continent that have been pursued. There

are few regulatory processes that need to be concluded before

an injection of R3 billions of working capital by the

strategic equity partner takes place and the state is able to

consolidate its golden share.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 18**

As President Ramaphosa said SOEs play a vital role in our

economy. He indicated in the 2022 state of the nation address

that the Presidential SOE Council, which I appointed in 2020,

has recommended that government adopts a centralised

shareholder model for its commercial state-owned companies.

This would separate the state’s ownership functions from its

policy-making and regulatory functions, minimise the scope for

political interference, introduce greater professionalism and

manage state assets in a way that protects shareholder value.

Much progress has been made in this particular regard. A

shareholder Bill will be introduced after Cabinet’s approval.

The necessary legal documents for the establishment of the

holding company are in progress and the necessary

consultations will be concluded.

There is also further work that is being done in this council

in respect of the consolidation of SOEs and helping to manage

those that find themselves in crisis. The state-owned

enterprises have also significantly contributed to economic

transformation through the training of internshps to an extent

of 2 715 trainees, 1 600 artisans have been trained and a

total of 387 students have been supported with bursaries. A



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 19**

number of designated groups have been the beneficiaries of

billions of rands in expenditure in this regard.

As I conclude, Chairperson, the programme of the department is

supported by an allocation of R23,9 billion. This is not for

the department because much of that money is transfers to

Eskom in particular. Of this funds payment financial assets

account for 98% of that expenditure. Compensation of the

employees in the department is the largest expenditure item

because we need to get in as much as expertise as is possible.

In conclusion, I wish to re-emphasise that rebuilding a broken

institution takes time. There is no silver bullet. It requires

courage, bold leadership and single-minded determination.

Reinventing strategy in the process of rebuilding requires a

clear vision, a recognition of market and community

volatility, new technology developments and awareness of the

competitive environment which must be accompanied by astute

change management strategies. The institutions we work with

are vital to the recovery and reconstruction of our economy,

as well as the wellbeing of millions of our people. This must

be a united effort which advances the good and defends against



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 20**

the vile and corrupt intent of counterrevolutionaries and

criminals.

We must extend our support to the leadership of SOEs, the tens

of thousands of honest staff and the members of the boards who

provide a national service in many instances. I invite all of

us, regardless of affiliation, to join in this national

effort. Surely, most of us want to rid South Africa of

corruption wherever it might be. Surely, we want to rid South

Africa of inequality and poverty, and we want to be part of

creating hope, jobs and skills for our youth and future

generations.

Finally, I want to thank the Deputy Minister, my chief of

staff, the Ministry, the director-general, D G, and the

department for their immerse efforts that they put in with

very limited resources to guide SOEs and maintain the

oversight that is required.

As President Ramaphosa said, and I quote:

Now, we must do so again. Let us forge a new consensus to

confront a new reality, a consensus that unites us behind



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 21**

our shared determination to reform our economy and rebuild

our institutions. Let us get to work. Let us rebuild our

country. And let us leave no one behind.

Thank you, Chairperson

Mr K E MAGAXA: Chairperson of the House, hon members of the

House, greetings to you all, the Budget Vote 10 debate comes

at a time when the national discourse in South Africa is

dominated by the received wisdom that the recent unbundling of

Eskom and the reforms to the barriers in the market and

economic activities previously dominated by the state-owned

enterprises, SOEs, to crowd in the private sector any signs of

rank capture by leading and middleman politicians who want to

privatise SOEs and subsequently earn monopoly profit or for

private gain. What separates the received wisdom from our

contention, however, is not so much a different view of the

fact but a different interpretation framework. Our contention

is that the management styles of SOEs are not static and,

therefore, they should be adaptive to the prevailing economic

best practices as smoothly as possible.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 22**

In the earliest stages, the management styles within the SOEs

resemble those of the parastatal sector but over the past 10

years, SOEs have come to be managed with a much stronger

commitment, at least nominally to compliance developments in

global corporate governance, especially the key codes of

corporate governance. Although some degree of technical

compliance with key codes, the recommendations were enforced.

The state-owned enterprises could not be carefully from the

incoming political storms of state capture as some of them

were staffed with politically obedient technocrats with little

or no business experience and, therefore, were not efficient.

Today, the management of SOEs are oriented toward creating

businesses that are attractive partners for domestic and

international investors.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon Magaxa, may I

just disturb you. Just mind your hands, they are being shown

as being bigger than your face on the screen. Okay. Thank you.

Mr K E MAGAXA: Not just the large players in domestic terms

supported by the government primarily for their social

benefit, at the exclusion of prospects of moderate or high



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 23**

profit. As a result, what emerges as most significant

regarding the new management style is the willingness of the

state-owned companies, SOCs, to use their political leverage

to attract investments with high expected social benefits and

positive economic externalities, including those associated

with venture capitalism. Moreover, the new management styles

have been spectacularly successful by insulating SOCs from the

anti-corporate mentality and disregard for the rule of law

which was prevalent across the most strategic SOCs during the

heydays of state capture.

Through the work of the Presidential State-Owned Enterprises

Council, whose operation is covered by the reprioritised

allocation of R17,5 million in Budget Vote 10. In the current

financial year, SOCs have shown commitment to private

partnerships with the best private partners available in the

market. However, we have to be tough-minded about the terms

and conditions of private partnerships as evidence illustrates

that some SOCs may benefit from being led from the front and

vice versa depending on their operational and financial

performances. Take, for instance, the case of SA Airways, SAA,

SAA was trading recklessly and without the financial support

from the government, as well as the refusal of the banks to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 24**

lend to SAA, as the government could no longer guarantee any

debt.

The airline found itself unable to continue to operate and

honour its obligations to the suppliers. Acutely aware of the

complexity of SAA and the paucity of the operation, the

decision was to commence with the business rescue plan in the

hopes of a radical restructuring of the airline to make it

attractive for a strategic equity partner. Of course, the

opposition parties are suspicious of the strategic equity

partnership between SAA and the Takatso Consortium.

But this practice is common in African countries like Rwanda,

where the Rwandan Patriotic Front’s investment arm named Tri-

Star sold its majority control in MTN Rwanda to MTN

International, as well as Angola, where the national oil

company ventured into a partnership with the international oil

companies in oil exploration and production through joint

ventures and production sharing agreements.

More importantly, the terms of the strategic equity partner

are such that the government assumes a minority stake in SAA

partly due to the airline’s non-profitability operation since



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 25**

2011, partly due to its unsustainable core structure.

Furthermore, the National Treasury has made it clear that it

will halt the SOCs bailouts as its intended goal is to reduce

the ratio of debt to GDP over the Medium-Term Expenditure

Framework. The government adopted a relatively active stance

in the partnership in at least three areas; first, the

consortium cannot sell the airline without the consent of the

government; second, the government will have full veto rights

on matters of national interest; and third, the name SAA as a

brand will belong to the government. It is worth noting that

the success of the strategic equity partner hinges on the

settlement of SAA’s legacy debt. That is the reason that

Budget Vote 10 allocates R1,8 billion in the current financial

year as part of its business rescue plan, and intended not to

burden the new airline with legacy debt.

Interestingly, the Department of Public Enterprises will

develop a framework for the shareholder oversight model for

SOCs with a minority government shareholding in the current

financial year to ensure, amongst other things, that the

profit-making objectives of the consortium complement the

social objectives of the government. In the 2020 state of the

nation address, President Ramaphosa expressed the government’s



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 26**

efforts to repurpose and rationalise the state-owned

enterprises to support growth and development. Moreover, the

Economic Reconstruction and Recovery Plan released established

priority interventions including aggressive infrastructure

development and improving the capabilities of the state-owned

enterprises, in particular, there is a strong interest on the

side of the government in the option of bringing private-

sector discipline into strategic state-owned enterprises. In

the current financial year, Budget Vote 10 allocated funds to

enable the Department of Public Enterprises to develop

business plans as well as establish their restructuring unit

to ensure that the government’s efforts to repurpose the

state-owned enterprises and the Economic Reconstruction and

Recovery Plan’s priority interventions take precedence.

Establishing the restructuring unit will effectively and

advantageously assist in developing and implementing new

business models for Alexkor and Denel, to ensure that business

efficiency, as well as the meeting of both strategic economic

and social objectives, take precedent. The Department of

Public Enterprises’ interest, exemplified by the commitment to

establish their restructuring unit, is a need to restore Denel

to something approaching its previous status of having



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 27**

financial means and the technical know-how at its disposal

that no other defence equipment manufacturer can revive. The

interest is also geared towards improving Alexkor hard by

gaining a bargaining competence in joint ventures with private

partners in which for the first time a state-owned diamond

company to capture large diamond revenues to promote national

development.

Bringing private sector discipline will help SOCs to extend

their mandates further. For instance, Transnet intends to sell

slots to private operators to improve the capacity of the rail

network and ports, especially in strategic sectors linked to

the nine commodities that contribute 80% of its revenue and

42,2% of the total GDP. In ending, the ANC supports Budget

Vote 10. The portfolio committee will continue monitoring the

progress made by the Department of Public Enterprises in terms

of the observations and recommendations shared regarding

Budget Vote 10. I thank you.

Mr G K Y CHACHALIA: Chairperson, this department is tasked

with the vital responsibility of providing shareholder

oversight and leadership to a number of state-owned

enterprises, SOEs. Through every successive term of government



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 28**

this Department has produced strategic plan after strategic

plan to oversee funding and ensure that the SOEs are both

sustainable and delivering on government’s developmental

objectives. The core role of SOEs is to provide a strategic

network infrastructure to primarily ensure the security of

logistics and energy.

Contributions and impacts of SOEs such as Transnet and Eskom

were highlighted as these companies were envisaged to grow the

economy over a long-term period. The sad reality is that this

Department has overseen, over time and at eye-wateringly

increased cost, a scenario that is best described as abject

failure. It has failed miserably, at great cost to the economy

and as the Zondo Commission attests to the moral fabric of our

society. It failed then. It is failing now. Not only has this

abject failure, underscored by theft on an industrial scale,

purposeful ineptitude, cronyism, cadre deployment and more,

brought our country to the very edge of the cliff, it has

failed even on the deliverance of government’s own

developmental objectives.

The theory of the developmental state by Harding Strong, is

characterised by having strong state intervention, as well as



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 29**

extensive regulation and planning to invest and mobilise the

majority of capital into the most promising industrial sector

that will have the maximum spill-over effect for the society.

That’s the theory anyway, control, control, control. But to

what effect though. The idea is to intervene in the market

system, by granting of subsidies to improve competitiveness.

This involved controlling the exchange rate, wage levels and

manipulation of inflation to lower production cost for

industries that caused economic growth.

The arguments for and against the developmental state aside,

the variant being practiced in South Africa is at odds with

the style known worldwide in general, and in South East Asia,

in particular, which was so effective in lifting millions out

of poverty and unemployment in those geographies. In South

Africa, however, it has not made any positive difference,

instead it has been a net drain on the fiscus with scant

contribution to the provision of public goods, sustainable

jobs and industries.

As the lights flicker towards a beckoning darkness in Eskom,

the once proud ports falter, our rail infrastructure literally

rots, our airlines limp from failure to vain hope, Denel is



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 30**

all but dead, Alexkor, a potentially profitable diamond mine

in an industry that remains important, especially, for local

employment and community upliftment, is witness to the children

of the Richtersveld eating sand on river banks; and Safcol

posts a R45 million loss while competitors show rising

profits.

There you have it. A plethora of PowerPoint plans

notwithstanding, more than R300 billion has been used to bail

out failing State-owned enterprises, leading to a current

reduction of R257 billion in public funds available for

frontline services and infrastructure. The Minister of Finance

says state-owned enterprises must develop, and implement

sustainable turnaround plans and their future is under

consideration by the Presidential State-Owned Enterprises

Council, PSEC. This council like others before it, will now

assess the value they create and whether they can be run as

sustainable entities without bailouts from the fiscus. Some of

them will be retained, while others will be rationalised or

consolidated.

The problem, however, lies with the millstones that will be

retained and reinvented, rebuilt and recovered, as the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 31**

Minister put it. For rationalising and consolidation, read the

same old time-dishonoured efforts that have brought us to this

parlous place and cross-reference these to every successive

plan going back well over a decade and you will be able to

plot the trajectory of failure, successive misadventures

leading to non-performance of this department, of this

government, of its policies, of its ineptitude, of its

destruction of the spine and arteries, of the barely beating

heart of our economy. This is why we will not support this

Vote.

This rubberstamping of imprudence, this un-adapted, ill-

thought through, habitually flawed set of reports. And in case

you’re wondering; a rubber stamp, as a political metaphor, is

a person or institution with considerable de jure power but

little de facto power, one that rarely or never disagrees with

more powerful masters and organisations. Well, if the shoe

fits ... More than fitting, it suits the Minister, it suits

the Cabinet, it suits the SOE council and it suits the bottom

feeders that are wittingly or and unwinkingly dragging our

economy into the depths of darkness on the back of a train

headed for disaster.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 32**

It’s as if the warning lights, flashing red in the face those

who are tasked with avoidance of a catastrophe are drunk on

their own drink and are of little consequence, because any

meaningful overhaul will upset the proverbial applecart. Every

plea, every suggestion, every demand from the DA to

acknowledge failure and to do things differently falls on

wilfully deaf ears while masterplans forged in the folly-fed

crucible of state-controlled inanity continue to deliver

disaster, so much so that we have called for a state of

disaster to be declared around Eskom. As the cover story of

this week’s Financial Mail says:

We all know the impact that Eskom has had on destroying

South Africa’s economic growth, but Transnet’s abject

failures have been equally corrosive.

It’s not just the media that has awoken to this, experts in

the field and in academia rail on about it of late. But does

the department, it’s Minister and the Cabinet see the dimming

lights of Eskom, the dead end of Transnet’s arteries, the

inability of Denel to assist any readiness ...

[Interjections.]



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 33**

Ms J TSHABALALA: Chair, I have raised my hand from the podium,

it’s Judith Tshabalala.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon Chachalia, one

minute. Hon Judith, you are recognised. I didn’t see that.

Ms J TSHABALALA: Thank you so much, House Chair. House Chair,

I want to ask if the hon member is willing to take a question?

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon member, there’s

a question posed to you. Hon Chachalia. No, he’s not willing.

You may proceed, hon Chachalia.

Mr G K Y CHACHALIA: But does the department, it’s Minister and

the Cabinet see the dimming lights of Eskom, the dead end of

Transnet’s arteries, the inability of Denel to assist any

readiness for any DEFCON status and the failure of SA Airways,

SAA, to fly profitably while it runs a diamond mine into the

ground – in an industry and region that marked the beginnings

of industrialisation in our country? No, because their

collective heads are buried firmly in the sand, Sadly, because

good governments are proactive and not simply reactive, which

is why we have called for commissions of inquiry and states of



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 34**

disaster to be declared to stem our decline in these key

areas, and to ensure that we put partisan politics behind us

and champion a whole of society approach comprising all

stakeholders and in particular, implementation savvy experts.

That is, Minister, how you address urgency that you refer to.

What we don’t need is platitudes from public servants that

seek to assure us that matters are being monitored, addressed,

developed, workshopped, iterated, and overseen while the

collective ship we all travel in heads firmly and resolutely,

like the ill-fated Titanic, in the direction of an epic

collision with an iceberg. It is for these reasons and in the

hope of a radical redirection that we reject this Vote. What

we need at the helm of the ship is a hand that is schooled by

informed choice that leads to timely action, and that time is

now. Perhaps at the parting shot, the Minister might tell his

tripartite alliance partners that, 15% increase has been

demanded by NUM’s labour at the stockist of Eskom, and for his

convictions, is hardly the way to go. Thank you.

Ms R N KOMANE: Hon House Chairperson, the Economic Freedom

Fighters reject the proposed Budget for the Department of

Public Enterprise and the committee report. If anything, the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 35**

committee report is a clear demonstration of the collective

incompetence, ideologically bankrupt, and economically

illiterate that characterises the dying ruling party.

At the beginning, the committee report says the state has a

developmental role to play and uses state-owned entities,

SOEs, as an implementation tool to fulfil the developmental

role. At the end, this report says the committee welcomed the

restructuring of SOEs by the department, which effectively is

privatisation of the SOEs. This is the madness we are dealing

with.

House Chair, allow us to not waste time dealing with the

department that changed its mandate to public privatisation

and secrete dealings, let us deal with Eskom. Let us start to

say that the mandate of the Eskom is to supply stable

electricity in an effective and efficient sustainable manner

to contribute to lowering the cost of doing business in South

Africa, and to enable economic growth. Today, Eskom is doing

the complete opposite; Eskom cannot supply stable electricity.

Blackouts are a daily occurrence. Businesses are suffering

because of electricity blackouts. We have put Eskom at the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 36**

hands of the incompetent management without either generation

experience or management of complex institutions.

Under De Ruyter, Eskom burned 458 million litres of diesel in

2021 compared to 10 million litres when Eskom was able to

arrest the problem of blackouts, spending R4,1 billion. In the

current year, Eskom is spending R800 million per month on

diesel because they are failing to keep the lights on.

We have been threatened with 100 days of rotational blackouts,

and no one has lost their jobs — not a single person. The

white management at Eskom keeps their jobs even though they

have shown over and over again that they are not qualified. We

know that there is a plan to bring down Eskom so that the

Independent Power Producers, IPPs, can take over and

electricity generation can be privatised.

Let us then go to Transnet. Transnet was created to be the

custodian of ports, rails and pipelines to ensure that the

freight system in South Africa enables sustained growth and

diversification of the country’s growth. This is no longer

what Transnet exist for. Instead, we are told that Transnet is

now actively seeking private sector participation in the port



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 37**

and rail freight. We know that this is already happening. The

deliberate collapse and sabotage of Transnet is to hand its

strategic assets to the private sector at a fraction of their

value.

The South African Airways, SAA, was established as a national

carrier to support the country’s developmental agenda. The

ANC, which is the ruling party, handed it over to corrupt

white senior management who sold its fleet and allowed the

Gupta parasitic cronies to take over. Now we are told that SAA

is bleeding the fiscus. The truth of the matter is that the

ruling party collapsed SAA to sell it to friends for a

fraction of its value. We are not shocked at the price that

SAA is being sold. This is corrupt deal and we are going to

expose it even if it means that we must go to court, we will

do that. There is nothing to say about SA Express and Mango,

they are history.

Denel is nothing but a shadow of its former self. A company

that designed and manufactured complex military weapons and

vehicles was allowed to collapse when it could have been

repurposed to build cars for our people and ambulances for

hospitals and clinics. Instead, Denel cannot pay salaries. All



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 38**

of this was done on purpose to bring the company to its knees

and sell to friends and cronies who had never manufactured

anything before, let alone complex military equipment and

vehicles.

South African Forestry Company was created to manage South

Africa’s forestry assets on behalf of all of us to increase

the strategic investment and ensure that there is sustainable

management and plantation forest so that the timber can play a

catalytic role in the rural economic development. This is not

happening. The company is sabotaged and only exists on paper

without any intention of increasing its investment. The timber

processing plant and the IFLOMA Mozambican investment only

exists on paper.

Alexkor was created to mine marine and land diamonds in

Alexander Bay and the Northern Cape. Alexkor has downsized its

operations, workers are retrenched and others resigned. There

is no intention to strategically position Alexkor as a state

mining company with a license to sell and market the diamonds.

The only reason the company recorded a profit is because of

retrenchment. This is the strategy to collapse the SOEs that

we are also aware of as the EFF.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 39**

In conclusion, the EFF is the only organisation that is not

afraid to stand up against the white capitalistic

establishment. We are going to do it even when it is not

fashionable because we understand that the state ownership and

control of strategic sectors of the economy is the only

foundation for sustainable economic transformation in South

Africa, and without the SOEs we will not achieve this. The EFF

is the only organisation that is going to confront white

capitalist establishment puppets even if it means we go to

court. We will not be intimidated; we are ready for

everything. If the Minister is used to being the one with the

last word, not when it comes to the SOEs. The EFF rejects the

proposed Budget for the department of privatisations and its

secrete dealings.

Mr W W WESSELS: Hon House Chairperson, captured, mismanaged,

destroyed state owned entities, and the question is what fruit

will the Presidential State-Owned Entities Co-ordination

Council really bear? The question is what will another forum,

the Minister now refers to, really do to recover and to heal

the completely destroyed entities? Because the Presidential

Review Committee on state owned entities’ recommendations have



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 40**

not yet been implemented, and those recommendations come as

far back as 2014.

There is still no remuneration standards for executives and

boards of state owned entities. The Minister talks about

accountability and consequences, but it seems like only lip

service because, with all due respect, the politically

connected are still being protected.

If we go to loadshedding, the crucial matter here is that

loadshedding is not saving South Africa from a total blackout,

but actually getting closer to it. If we listen to energy

experts who tells us that each time the electricity network is

switched OFF it actually damages the whole network.

Transformers and electrical systems are not designed to be

switched ON and OFF. When the load is taken down and then

peaked later on it damages the whole network. A national

blackout will not be prevented by loadshedding, but will be

caused by it, and this we should take note of.

The hon Minister refers to shortage of technical skills, and

especially engineering skills, and that is what is needed.

Training is not the only solution to that; there are a lot of



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 41**

engineers out there who are unemployed because they were let

go by Eskom for no apparent reason, and they are able and

willing to assist to restore the power network. South Africa’s

power network requires complex management; it is a

sophisticated network; bigger than the whole electricity

network of Europe.

Let me get to the South African Airways. The Minister talks

about absolute transparency, but I beg to differ, because

there is still so many questions. If there is real

transparency, then answer those questions because the

department does not. The media tries to report on this issue

to give South Africans clarity but there are no real answers

by the department. The Minister must now tell us what this

transaction actually entails.

Let me get to the hon Komane from the EFF. She talks about

white males that destroyed the South African Airways. I am not

sure if Dudu Myeni is aware that she is a white man. Your

racial obsession is nauseating, hon member. To rebuild South

Africa, hon Minister, we need to utilise the pool of skills

that do exist in South Africa, regardless of skin colour,

political affiliation and political faction. We need skills



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 42**

and we need to build this country. South Africa can only be

rebuilt if we get rid of failed ideologies, failed policies

and the failed ANC-led government. South Africa deserves

better. I thank you.

Mr S N SWART: House Chair, with your permission, I will leave

my video off due to connection challenges. The ACDP shares

deep concerns as the operational and financial health of many

state-owned entities, SOEs, continues to decline. Eskom as

many speakers have indicated presents the most severe risk to

economic growth and recovery and continues to rely on

government guarantees and equity injections to finance its

operations.

The electricity availability factor continues to fall and

result in an ongoing ... [Inaudible.] ...

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon Swart, are you

still here?

Mr S N SWART: ... load shedding. Minister, ... [Inaudible.]

... must be dealt with speedily given its impact ...

[Inaudible.] ...



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 43**

*IsiXhosa*:

Inkosi M MANDELA: Ayisebenzi ikhompyutha yakhe. [His gadget is

not working.]

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon Swart, can you

just log out for now and log in again. We will give you your

remaining two minutes. I will request the table staff to also

communicate with him. Let’s proceed, hon members.

The DEPUTY MINISTER OF PUBLIC ENTERPRISES: Thank you so much,

Hon House Chair and greetings to you, to the hon Minister, hon

members in the House, I’m greatly humbled at the opportunity

that I have to participate in this debate on the Budget Vote

of our department.

I wish to quote from the first President of the democratic

South Africa who when addressing the 4th session of the

democratic Parliament had this to say and I quote:

A new year is upon us once more affording us the opportunity

to account in a comprehensive manner to the citizens on the

awesome responsibilities they’ve mandated us to fulfil. All

of us in the executive and legislatures the majority



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 44**

legislatures party and the members in the opposition benches

are called upon to outline practical programmes to improve

the nation’s quality of life.

Hon House Chair, it is common cause, - and the Minister has

outlined this in his introduction of this Budget Vote that we

are emerging from a period of more than two-years of the state

of national disaster occasioned by the global pandemic of

coronavirus that is had resulted negative economic impacts.

As though that was not enough we also emerging from the

debilitating effects of the phenomenon of state capture as

extensively reported by the commission headed by then Deputy

Chief Justice Raymond Zondo. There are other economic events

that have shattered our country in the recent past to which

the Minister in this introduction spoke to that extensively.

It is against this backdrop that our President charged us with

the mandate to stabilize and restructure this state-owned

enterprises, SOEs, so that they can play a critical role in

the implementation of the country’s Economic Reconstruction

and Recovery Plan.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 45**

In the recent past, never before in our country has the role

of SOEs enjoyed as much attention and created such a strident

debate and rightly so. We as custodians of these state

entities, it is in ours and in the country’s best interest

that we ensure that they are financially sustainable and

deliver on their mandates efficiently and become pillars of

our economic recovery.

As the Minister has begun outlining I would wish to add to

that by specifically paying attention to some of the SOEs,

Denel as the case in point. Denel is a strategic national

security asset and government is committed to finding a viable

solution that recognizes this imperative and the need for

self-sustainability.

The recent seismic shifts and the consolidation of

geopolitical dynamics and regional threats of terrorism

underscore the strategic importance of Denel. Denel continues

to experience significant liquidity challenges. Long overdue

payments to creditors and suppliers meant the supply chain was

no longer fully available to support the operations.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 46**

Denel’s business model as a system integrator, depends

significantly on local manufacturers to supply critical

components and subsystems. The disruption of this delicate

relationship with suppliers has become one of the binding

constraints regarding Denel’s operations. As we speak, in

order to remedy the situation, we have assisted in the

development of a business case that is now awaiting the

perusal of both Ministers of Finance and Defence en route to

Cabinet for final decision. In addition, the department has

taken a number of steps to ensure that Denel is brought back

to life in as short a period of time as possible.

One of the interventions is that the National Treasury has

approved an allocation to settle the R3,4 billion guaranteed

debt which was costing Denel more than R200 million in

interest payment per annum. We have also engaged the

Department of Defence and Armaments Corporation of South

Africa, Armscor, on funding critical capabilities that Denel

is managing on behalf of the Department of Defence. Thirdly,

we have given full support to Denel to discontinue the Denel

Medical Benefit Trust and the estimation is more than R750

million will flow to Denel in the first half of this financial

year. The funds are expected to flow within the first half of



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 47**

this financial year. This is further to the other efforts at

improving and creating a new business case for the entity so

that it can be able to immediately start with some of the work

opportunities provided the funding is made to come on line.

We are equally concerned about the human costs that the non-

payment of salaries is having on the employees and their

dependents. Together with management of Denel, and Denel

Boards we are doing everything humanly possible to correct

that state of affairs. Government is determined to stabilize

the entity and to restore it as trusted supplier, partner and

employer.

With regard to Alexko, the state diamond miner, it has gone

through its own challenges over the years. But we really say

now it has really made a turn for the better. After changing

the board and putting in new management, we are beginning to

see the positive results within the entity.

Having tasked themselves to ensure that cost-cutting

initiatives are put in place so as to preserve the remaining

reserves against the bleak future. The consolidation of the

head office function of Alexko and Alexander Bay, we have seen



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 48**

significant progress in this respect in that the two entities

have since provisionally consolidated the function of the

chief executive officer, CEO, with the Alexkor CEO taking over

the role of joint venture CEO. We have also seen the cost-

cutting initiatives beginning to bear fruit in that the

organisation is financially getting to be stable.

All be it, this was happening on the back of some of the job

losses. But of course, certainly, coming back into the

operations we will see more jobs being created in the entity.

The board as well as the new management has undertaken the

revitalising of diamond operations. This will include the

consideration of drawing in different funding models for the

expansion of the diamond mining operations. Despite the

diamond sector facing depletion of high value deposits, the

diamonds from the joint venture remain globally sought after

due to their gem quality properties.

It is true that the effort put in place have significantly

brought about the change in the affairs there and certainly

going forward we are looking to more improvements being

recorded.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 49**

In the forestry sector, the South African Forestry Company SOC

Limited, SAFCOL, continues to be one of those entities for

which the Board and management has put in place a new

innovation and growth strategy that is bearing fruits. A

strategy that is reinforcing the Forestry Sector Masterplan,

which is looking at encouraging sector growth, investment, job

creation, and competitiveness.

SAFCOL has to this date engaged very favourable with the

banking sector and a lot of interest is being shown

particularly in the development of green bonds and green loans

in respect of some of the projects that are underway and being

considered in that entity.

The combined heat and power strategic project seems to have

really gathered a lot of interest from among the banking

fraternity. And the entity has a very sound balance and is

capable of attracting on its own some of those investments.

SAFCOL continues to contribute towards sustainability in terms

of climate change by ensuring that some of the plantations are

grown and further targeting some plantations in Mpumalanga

province. We are hoping to see a lot of progress in this



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 50**

respect particularly collaboration with the Department of

Forestry Fisheries as well as environment.

This entity is financially stable. It has a healthy cash

balance that exceeds the targets and it's being maintained

properly as well given the strong financial position it's been

recognized recently by securing offerings from the asset-

backed financing. Particularly for some of its projects.

In respect of South African Airways, it is common knowledge

that it was placed under provisional liquidation since April

of 2020, on account of an High court order.

Today, the liquidators have managed to dispose of the tangible

assets raising an amount of R24 748 million. Following that

latter process, the selling of intangible assets is currently

underway.

On or not about March, the liquidators had initiated the 3rd

round of the sale of the intangible assets a process that

awaits a completion. We are looking at this so that the value

that can be derived of that is a value that worth the money we

expect of it.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 51**

Hon House Chair, of the other members who have participated in

the debate I was just left with only one thing in mind, what

have we heard from them? Are they contributing by any means in

suggesting as to how to deal with some of the challenges we

have? I have heard nothing but complaints I am sure that we

who are content in what we must do must just put shoulder to

wheel, get things done they will get us along the way. I would

urge support for this Budget Vote. I thank you very much, hon

Chair.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Hon members, as hand

over to hon Mahlaule, I will allow hon Swart to speak and

finish his two remaining minutes.

Ms C P PHIRI: He has nothing to contribute you may pass,

Chair.

The ACTING CHAIRPERSON (Ms R M M Lesoma): Wait, hon member.

Hon Mahlaule, you may proceed with the debate. Thank you very

much.

Mr N L S NKWANKWA: Hon Acting House Chairperson, the UDM does

not support the budget vote. The return of the load shedding



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 52**

and own going government’s issues at several of South Africa’s

largest state-owned enterprises especially Eskom have without

doubts fewer traps of declining foreign direct investment in

South Africa. It means that in order for us to improve

investor sentiments and towards ... [Inaudible.] investment in

South Africa, South Africa needs to create a spirit of a

departure to a new era where there is no load shedding and

where entities such as Eskom are managed properly. If the

trend continues it will have serious detrimental effects on

the growth expecting the prospects of the South African

economy as well as the total taxable income which is available

to the fiscus for the socioeconomic needs of South Africa and

the country.

It is important that South Africa is sorted out so that we

prevent it from continuing to be a drain on the fiscus as it

currently is. In order for it to help us place South Africa on

an economic trajectory that would enable us to handle and deal

with the socioeconomic challenges facing the country. This is

particularly important on the comments that have been made by

leaders around the world that they would like now to start

focusing on investing in Africa particularly.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 53**

What we require is that South Africa should continue to be a

point of entry for trade into the African continent as was the

case in the last decade. On 1 July 2021, the party president

General Bantu Holomisa wrote to the Chairperson of the

Standing Committee on Public Accounts, Scopa, Mkhuleko

Hlengwa, requesting that the committee investigate the

government’s sale of a 51% of the SA Airways, SAA to Takatso

Consortium. In the letter, he cited a number of issues which

include, the lack of proper due diligence done on the sale of

SA Airways.

One of the most pertinent questions was how is it possible

that a mere R3 billion injection is now suddenly enough to

save South Africa from a certain death whilst government has

been pumping billions of Rand sponsored in part by taxpayers

and the public corporations’ entities for years? He also cited

that Global Aviation Airways, one of the partners in Takatso

Consortium, is known to have been an advising the Department

of Public Enterprises on SAA. If this is true, this naturally

constitutes a serious conflict of interest as Takatso

Consortium would have set an insider information that would

have disadvantaged other possible bidders.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 54**

The fact of the matter for us is that there seems to be a

consistent pillaging of the SOEs that are strategic to the

country that would help to the socioeconomic developments of

the country that would also enable government to drive a

developmental state agenda using SOEs. The intention of that

is that there must be prioritised.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon member, I am

afraid your time has expired.

*IsiXhosa:*

Mnu N L S NKWANKWA: Hayi, uyayigada le mizuzu yam kunjalo nje

awufuni ndithethe kwaphela.

The ACTING CHAIRPERSON (Mr M G Mahlaule): I even gave you few

seconds.

Mr N E DLAMINI: Hon House Chairperson, the recent floods in

KwaZulu-Natal should not be perceived as the kick start of -

Disaster Capitalism Complex – that is, waiting for a major

natural disaster crisis, then selling pieces of the state to

private players while citizens are still reeling from the

shock or trauma, then quickly making the reforms permanent.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 55**

This view is likely to be dominant among opposition parties,

particularly the EEF as the party is convinced that with the

scarcity of resources and climate change providing a steadily

increasing flow of new disasters, responding to emergencies is

a perfect strategy for using moments of collective trauma to

engage in economic engineering that advances only the private

sector goals.

In the context of Budget Vote 10 debate, Transnet’s new

strategy as their theme goes of driving volume growth through

private sector participation is an attempt by the ANC-led

government to privatise Security Operation Centres, SOCs and

become the biggest customer for private sector new services.

Chairperson, this view is in several respects exaggerated. You

must be aware that for a party that is battling to

differentiate between contentions and privatisation and they

still want to position themselves as the arbiters of business

model. You cannot take the EFF too much seriously. They do not

know whether they are coming or going.

Let me explain why this news is exaggerated. The success

stories of Japan and South Korea were motivated by the ability

of governments in these countries in maintaining growth to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 56**

stimulate competition in the sense of entry or expansion of

new private sector players in the market instead of

concentrating resources and subsidies in SOCs as national

champions. These essential points are that, for the reasons

best known, without reducing concentration on monopoly, the

high rate of investments and economic growth in Japan and

South Korea might arguably not have occurred at all. The other

side of the coin is that, the government of Taiwan with the

SOCs especially in the upstream industry where scale economy

is crucial as well as state finance, research and development

and to promote development and economic growth.

The difference between Taiwan and comparator countries, Japan

and South Korea is that there was no large private sector in

Taiwan in whose affairs the state left to intervene. In the

context of South Africa, the market has expanded with the

emergence of significant players especially in sectors

characterised by major backward and forward linkages and

externalities such as the one that Transnet operates in. Thus

the goal of government is about crowding in instead of

crowding out new significant players.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 57**

As the Economic Reconstruction and Recovery Plan stipulates

that government’s efforts would be strengthened to attract

private investment in the delivery of infrastructure as part

of pulling broad based public-private sector partnerships. For

it, it implies that the emphasis is on using financial floods

as well as technical skills and advanced technologies of the

private sector players to enable SOCs to achieve both

operational and financial competitiveness with regional,

continental and international who would be competitors.

Transnet is currently being transformed and reconfigured to

meet the needs and mandate outlined in the Economic

Reconstruction and Recovery Plan. In the 2021, state of the

nation address, President Ramaphosa announced that the

government will commence with the corporatization of the

Transnet National Port Authority, TNPA in the hopes of

magnifying the redesign of the Port of Durban and

strategically reposition it as an African, as well as an

Indian Ocean hub for containerized cargo. This is crucial as

the port of Durban has declined in accordance with the

international standards, implying that the port should remain

almost unchanged without private sectors involved. Thus, the

Department of Public Enterprises is committed towards ensuring



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 58**

that Transnet concludes the partnerships for the Durban

Terminals by the end of December 2022. In addition, Transnet

will issue out proposals for the private sector partners for

the Ngqura Container Terminal which will foster partnerships

to be in place by October 2022. This in turn will allow

Transnet to improve our operational efficiency at the ports

through procuring additional equipment and implementing new

system to reduce traffic congestions.

Moreover, the Department of Enterprise will finalise the

appointment of a permanent board of the Transnet National

Ports Authority, TNPA, during the course of the current

financial year. Of course, it will be in the public interest

that the Budget Vote 10 is passed as it is through this budget

that all these initiatives and repositioning enable greater

capacity for the movement of greater freight to be realised.

In other words, the establishment of TNPA as a subsidiary and

as an introduction of private public partnerships are

imperative to strengthen Transnet position and sustainability.

Going further, in the 2022 state of the nation address

President Ramaphosa announced that there will be improvement

of rail network capacity in Transnet through the selling of



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 59**

slot to private sector players is expected to be concluded by

2023. This is crucial for introducing competition and in

improving supply chain inefficiencies. To be franker, the

involvement of private sector players will be linked to the

commodities, manufacturing, and agriculture product corridors,

focusing on the Iron ore, Manganese, Coal, Chrome and

Magnetise, Auto and Containers, Fruits and Grains, Fuel and

Gas, which are the backbone of Transnet’s key industrial

supply chains.

Furthermore, the South African experience shows that there is

an abundance of untapped resources such as cobalt, copper,

lithium, nickel, and zinc which are becoming increasingly

important in the face of transitioning to a green economy.

Investments in rail network infrastructure and expansion

combined with the implementation of the African Continental

Free Trade Area, AfCFTA policies are expected to enable

Transnet to take advantage of transporting these new resources

and subsequently increase the share of rail bulk freight

relative to road, thereby contributing to the migration from

road to rail and reduce the cost of logistics, as well as

doing business in the country. To complement this, the

resolution of contract disputes to acquire locomotives is set



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 60**

to improve the availability of rolling stock and maintenance

material, as well as Transnet’s ability to access certain

parts from Original Equipment Manufacturers, OEM.

Chair, although Transnet scores well on the capabilities to

address challenges that hamper its operations, there are

widespread disruptions that may materially affect Transnet’s

strategic targets and potential revenues. Among others, the

recent floods in KwaZulu-Natal have affected the rail network

and it will be impossible to revive rail network in a very

short space of time. The worst part is that, houses next to

the rail network will have to be relocated to get network to

operations and obviously Transnet had to cover some of the

relocation related costs as the estimated bulk figure between

R2,7 billion and R3 billion.

However, not everything is gloom. The supply of jet fuel as

well as locomotives and containers terminals would retain

their efficiency as a result of the measures that Transnet has

put in place. Aside from all this, rail and pipe plant

manufacture vandalism and theft are partly responsible for

Transnet poor revenue performance in the previous financial

year and they are most likely to continue to disruptions to



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 61**

rail and pipeline plant operations in the current financial

year.

Regardless, Transnet has developed partnerships with the

private sector to address cable theft, infrastructure

vandalism through advanced technologies and additional

security personnel. Moreover, the Department of Public

Enterprise is working on a strategy to support Transnet with

safety and security, with the intention of collaborating with

Departments whose SOCs are similarly affected. Chairperson,

Budget Vote 10 must be passed so that the Department of Public

Enterprises can continue to assist Transnet to overcome the

highlighted challenges.

Chairperson, the ANC supports Budget Vote 10. The portfolio

committee will monitor the department’s performance. Hon

Wessels talks about engineers that are unemployed. I hope he

is not talking about the technicians that left Eskom because

they did not want to support the democratic government. Hon

Cachalia is avoiding the issue of theft of both the copper and

the pipeline. You must ask yourself who are the beneficiaries

of this theft? Who sells this copper and who is selling this



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 62**

fuel that is stolen from the pipeline? These are the real

people who are collapsing Transnet.

Hon Cachalia is well aware of these but for reasons which

might be associated with racism in the DA and their posture of

avoiding real issues and want to loud hail and say this

government is failing. Hon Cachalia must look at the issues

and assist us in coming up with solutions on how to deal with

theft. This takes the budget away from the resources that are

needed in these SOEs. To try and rehabilitate and fix the

stolen copper and gas. I thank you, Chair.

Mr N SINGH: Hon Chairperson, from the words of a wise

philosopher, and I quote: “God made everything good, but it

became evil by the hands of man.” This rings true when trying

to describe the government of the ANC and its running of

state-owned entities.

The Department of Public Enterprises’ mandate is to be the

primary interface between government and state-owned companies

and it provides input into the formulation of policy,

legislation and regulation. However, looking at this mandate



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 63**

and what is currently happening under the leadership of the

ANC, it is quite the opposite.

Instead of the development of sound legislation to create a

conducive environment in which SOEs can function, we find this

in total disarray. Instead of creating jobs in the various

sectors such as energy, transport and defense, all we see is

SOEs such as Eskom, Denel and SAA working against the

department’s very own mandate.

Government must take decisive action once and for all and

privatise these entities or allow government to become a

partner with the private sector, because we cannot face these

very same challenges year in and year out.

While the department is doing well in terms of key performance

areas, we see that the entities under the department are

worsening. We, as the IFP, will always believe that

privatisation or commercialisation and partnerships is the key

to unlocking the potential of these SOEs. A public-private

partnership will better position state companies to flourish,

like what is contemplated for SAA.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 64**

It seems the ANC-led government is naïve. Everything proudly

South African does not need to be owned by government. Hand

over these state companies to private South Africans and see

SOEs blossom.

Lastly, when we look at the issue of Eskom, we speak high

level of how many businesses are affected by blackouts, but

have we turned our attention to the poor South Africans living

in rural areas? Ordinary South Africans are suffering more

with the little food that is in their fridges and homes going

rotten. They have no insurance and they cannot make claims in

order to recover what they have lost.

What we should be focused on is quantifying the effects of

Eskom’s mess on people’s lives and livelihoods. Some can

afford generators, but most cannot. Therefore, we believe that

government should defend the poor. Investors and big

businesses are important, but we should remember that there is

no buffer for the poor.

The ANC government has neglected our rural people. They do not

focus on the poor and to be frank, they are only recycling

words to glorify being the oldest liberation party in Africa.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 65**

Sadly, they are not living up to their standards and their own

message.

In conclusion, we can speak profound English about multiple

strategies to fix SOEs, yet, none of the strategies seem to be

helpful. If the real problem is to be solved, the ANC should

stop debating in this House for the sake of empty debates with

big words that mean nothing. The only way forward, if they

wish to make meaningful change in the lives of South Africans

is if they consider us, as the opposition, to be their mirror.

Upon response of the Minister and commitments thereof, the IFP

is still contemplating whether to reject or support this

Budget Vote. I thank you.

Mr F ESSACK: Hon Chairperson, all talk and no action willnot

clean up the rot in public enterprises. 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 of course, the ANC government



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 66**

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, and I quote:

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 financing from

financial institutions or the fiscus, we will explore other

mechanisms, such as strategic equity partners or disposal of

noncore 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.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 67**

Three years after committing to a disposal of nonperforming

assets within the SOE sector, Minister Gordhan has delivered

nothing, 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 communities in Richtersveld 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, as well as the Intellectual Property

Commission should consider bringing appropriate proceedings

against Daniel Mantsha and other members of the 2015 Denel



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 68**

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 ...

Mr A H M PAPO: Chairperson, on a point of order: I want to

check whether the member will take a question, because his

maiden speech is full of controversies, which I want to ask

about. Normally, maiden speeches are not like that.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon member, you know

very well that you don’t disrupt a speaker during their maiden

speech. Hon Essack, proceed.

Mr F ESSACK: Maybe, today is the day that Minister Gordhan

will tell us why there has been zero prosecutions to date on



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 69**

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 very much that

we will get any satisfactory answer on this one either.

Unless tangible action is taken ... [Time expired.] Thank you.

The ACTING CHAIRPERSON (Mr M G Mahlaule): I gave you the

seconds when you have been disrupted, but your time is up.

Ms J C N MKHWANAZI: Thank you, hon Chairperson, hon Minister,

Deputy Minister ...

The ACTING CHAIRPERSON (Mr M G Mahlaule): Before you start,

hon Mkhwanazi, hon Papo, can you lower your hand if it is a

legacy hand? Thank you very much. You can proceed, hon member.

Ms J C N MKHWANAZI: ... hon members, and South Africa in its

entirety, on behalf of the ANC – the leader of society, the

caring government – we rise to support Vote 10 of Public

Enterprises - the Budget that talks to the actions that are

taken and now the Budget that talks to the action in future,



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 70**

the strategies that will talk to the interventions that will

address the challenges we are facing in the state-owned

enterprises, SOEs.

As the ANC, we don’t just howl or talk over problems or run

away from challenges. We are the government of the people. We

face the challenges. We deal with them. We talk to them and

work with our people to address the challenges we are facing.

We remain focused to the Department of Public Enterprises

mandate to our country through our SOEs to unlock economic

growth, and through Eskom, which ... [Inaudible.] ... its

critical role to supply uninterrupted affordable electricity

to all.

In 2012, the study by Professor Anton Eberhard, who is the

member of the global commission to end energy poverty

indicated that there was a funding gap of US$29,2 billion as a

result of the difference between the investment required to

meet the energy demand of US$40,8 billion. The current annual

investment of US$11,6 billion to sub-Saharan Africa.

Unfortunately, sub-Saharan Africa countries are experiencing

subordinate finances due to their position as well as their



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 71**

weak currencies in the international financial system. As a

result of this, financial liberalization is likely to

undermine investment in productive activities in the sense

that international private capital flows driven by monetary

conditions in advanced economies and increasing in volume

expose sub-Saharan countries to financial crisis.

In this case, Eskom is a classic example of this financial

crisis in particular. The government has attempted to address

the funding gap to match the growing energy demand through the

procurement of the US dominated loans in the international

financial system. Consequently, the US dominated that ...

incurred while building Kusile and Medupi power stations

impacted negatively on Eskom credit conditions. On the other

hand, generated ... [Inaudible.] ... in Eskom financial

performance. Another danger was Eskom sales volumes and

revenue are in rands whilst its dept service costs are in

dollars. That further undermine the utility’s revenue margins

as Eskom maintenance and generation capacity expansion

projects are often cut back to meet the dept obligation.

It is due to these factors that Eskom revenue shortfall

sometimes covered through physical transfer, that is the



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 72**

reason why Budget Vote 10 must be passed as it allocates about

R21,9 billion to Eskom during the current financial year to

support repaying its debt and interest. This allocation will

certainly improve Eskom’s financial performance as the utility

has already reduced its debt from R484 billion to

R401 billion. This serves as tangible evidence that this ANC

caring government is doing everything possible to restructure

and rationalize Eskom.

The DA will never applaud Eskom for turning the tide in so far

as its debt is concerned because this party finds it difficult

to admit that its ideological predisposition of market

fundamentalism is partly responsible for some of the

challenges facing Eskom today.

Going further, the composition of the structure of the South

African economy has really challenged in the strongest sense

of the term. We note that the mineral resources sector, which

is energy intensive remain the third dominant sector of the

South African economy after the services and the financial

sectors. This implies that the mineral resources sector’s

highly intensified level due contribute towards the imbalance

between energy growth and demand. Although some mining



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 73**

companies migrated to the renewal energies, the energy

intensity in the mineral resources sector has not decreased.

Mining companies are not in the position to reduce energy

usage at the pace that could close gap between energy, growth

and demand. The government should work hand in hand with

mining companies to encourage them to invest in technologies

that reduce energy usage without affecting production.

Due the energy level in the mineral resource sector and the

other energy intensive sectors like commercial sector as at

manufacturing in addition to the household, energy generation

capacity shortfall eats around 4 000 megawatts of electricity.

The Department of Public Enterprises working with the

Department of Mineral Resources and Energy will procure

additional generation of about 9 213 megawatts during the

current and the next financial year and will include

3 000 megawatts and 530 megawatts of gas and storage,

respectively.

Interestingly to note, is the amendment of the Electricity

Regulation Act that will allow greater Independent Power

Producers’ participation within a clear regulated environment



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 74**

and subsequently ensure that the procurement of the targeted

energy become normal.

We are a government at work for our people, with our people.

It seems therefore that the opposition parties’ assertion that

Eskom is a threat and a proactive failure rest upon the

misreading of evidence and the progress underway.

Hon Chairperson and hon members, the unbundling of Eskom has

successfully led to corporation of the National Transmission

Company of SA, NTCSA, which will be completed in the current

financial year. That is another good reason why we must

support this Budget.

The opposition parties like the EFF will hold on to a mistaken

belief that the unbundling of Eskom is simply a continuation

of an American style of privatization of SOEs, which rests on

the conviction that the state should interfere in the market

place only when necessary. In other words, according to them,

the unbundling of Eskom seeks to erase what is left on the

state of government in the affairs of the utility and replace

it to the corporate mentality of selling electricity at the

market price.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 75**

Let me assist them because what the EFF lacks is the unusual

capacity to grapple with complex issues, because the success

of Eskom is too critical to be reduced a debate between public

versus private ownership. Therefore, Eskom require all

mechanisms and resources to turnaround its operational and

financial performance and to be mobilized. Besides the

unbundling of Eskom, follow the standard model, which is the

standard practice across the world and the main goals of this

model includes, amongst others, ensuring competition takes

place throughout the sector, restructuring with the goal of

full vertical and horizontal unbundling of the sector and

promoting private sector participation to encourage private

sector investment.

We must also note that the population growth in South Africa

grows faster than the supply of energy and this in particular

contribute to Eskom’s use of diesel open cycles to meet the

peak demand. Moreover, it should come as no surprise that the

diesel open cycles are not financially sustainable especially

now that there is uncertainty over the supply of oil due to

the Russian-Ukraine conflict. Eskom has attempted to supply

electricity to the majority of households to a non-cost-

reflective tariff, which means Eskom has kept its tariff so



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 76**

low that they are not reflecting to the average historical

cost of operations and maintenance. That shows that this ANC

government is a caring government. The cost of depreciating

assets, adequate provision for bad dept, the return on assets

...

In addition, Eskom consumer debt continue to grow with the

current expense of R45,5 billion, which 77,8% is owed by

municipalities ...

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Mkhwanazi, my

apologies ...

Ms J C N MKHWANAZI: Hon Chairperson.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Mkhaliphi, your

hand is up.

Ms H O MKHALIPHI: Chair, can a member take a question?

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Mkhwanazi, can

you take a question?



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 77**

Ms J C N MKHWANAZI: No, Chairperson, I am not in a position to

take a question.

The ACTING CHAIRPERSON (Mr M G Mahlaule): Thank you. You can

proceed.

Ms H O MKHALIPHI: You must stop saying ANC is a government

while we have ... [Inaudible.] ...

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Mkhaliphi ...

[Interjections.]

Ms J C N MKHWANAZI: Regardless of ... hon Chairperson, I will

not attend to those howlings ... [Interjections.]

Ms H O MKHALIPHI: Chair, who is the one that is shouting at

me, because you said I must not ... [Inaudible.] ...

Ms J C N MKHWANAZI: ... but will not lose focus ...

Ms H O MKHALIPHI: Yeah, but you must stop saying the ANC is a

caring government ... [Interjections.]



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 78**

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Mkhaliphi. Hon

Mkhwanazi, can you pause right there. Hon Mkhaliphi, you

raised your hand, I gave you an opportunity and you said what

you wanted to say. The member could not take your question.

Can we proceed at that? You can’t do what you are doing now. I

won’t allow it in this meeting. Can we allow hon Mkhwanazi to

complete her speech? Are those hands going to speak on the

same point or another point, because on this particular one, I

am proceeding forward? I am not going to take hands on this

one. We are proceeding. Hon Mkhwanazi, can you proceed?

Ms J C N MKHWANAZI: ... regardless of these cited reasons,

which presents a bleak picture that does not abhor well to

South Africa’s prospects of energy security, there are

measures put in place by this caring government that are being

aggressively pursued, for example, the interministerial

committee headed by the Deputy President is leading the

efforts to resolve municipal depts. And it has established

Eskom’s active partnership model, which will be piloted to

indebted Eskom municipalities to promote cultural payments.

Reducing outstanding Eskom’s municipality depts. Will surely

allow the utility to function sustainably, as well as limit



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 79**

the utility from cutting maintenance and investment activities

to make ends meet.

Furthermore, the amendment of electricity pricing policy will

definitely balance the need to secure Eskom’s financial

position whilst protecting vulnerable customers and emerging

businesses against high electricity tariffs. All these efforts

to reduce Eskom’s financial challenges hang on the success of

passing this Budget Vote 10 of Public Enterprises. This Budget

must be passed in order to, amongst other things, make sure

that Eskom continue intensively, as well as with new

investment.

We must note that as the ANC and as the leader of society, we

listen to our people and work with our people. We will not

lose focus through the programme that is in place to ensure

that we face these challenges and to make sure that we rise

above and deliver a better life to all the people.

It seems the EFF is pretending not to know the most powerful

SOEs around the world work with private sector partners with

clear formal, social and economic national priorities. All the

DA wants is the national asset to be sold to the highest



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 80**

bidder without any consideration of legacy and colonization of

special type – an apartheid we have reversed. An important

role of these SOEs in the national task that is ahead of us.

The ANC supports Budget Vote 10, and through the portfolio

committee which ANC members participate fully versus the

participation of the opposition, we will work to continue to

monitor the performance of the Department of Public

Enterprises and SOEs to make sure that their annual

performance plans are more effectively targeted, to make sure

that we deliver on our mandate of SOEs, and to make sure that

we grow the economy and skills development. We support the

Budget.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Acting House

Chairperson. You know, there’s a very popular saying, Acting

House Chairperson, that “there’s none so deaf as those who

will not hear”. Therefore, it’s quite clear that the

opposition is nearly interested in rhetoric in speech making

rather than grappling with the substance of what we have to

deal with as a country. Whether is due to state capture or

corruption or whatever the case might be. So, clearly, hon

Cachalia is often confused about this platform because he



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 81**

often thinks he’s involved in the high school high school

speech contest rather than ... [Inaudible.] debate in

substance.

Hon Komane and her associates in the EFF continues with the

racist attacks, they continue with misleading the public, but

often no solutions whatsoever in respect of the challenges

that we face. Hon Wessels, I think you need to humble yourself

a little bit and ask yourself what can a legacy have you left

for South Africans in terms of the party that you represented.

I understand that SA Airways, SAA, and the transaction it is

involved in is what the Chair of Standing Committee on Public

Accounts, Scopa, are called alive transaction, it’s nothing

commercial transaction. There’s nothing to hide, but when the

transaction is completed certain aspects of that bill will be

made available.

Hon Kwankwa, regrettable your leader has some kind of ...

[Inaudible.] ... that he continues to pursue. you can go to

court, and you can go wherever you like the truth will prevail

at the end of the day, and for the record global has not

impact the department in any respect whatsoever.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 82**

Hon Singh, you want to be the mirror to government, perhaps

for a start you need to be the mirror to yourself, and ask

yourself what certain senior members of your party were doing

in some of the state-owned entities, SOEs, as were recorded in

the Zondo Commission reports.

Hon Essack, prosecution is done not by the Department of

Public Enterprises, but by the National Prosecuting Authority.

Therefore, you might want to direct your attention there.

However, the ... [Inaudible.] ... some point, hon Essack, is

that a maiden speech is not supposed to be controversial. If

you want not to be heckled, I think that your party must teach

you what a maiden speech is about. I’m not hiding behind a

state capture or any excuses. If you want to dirty your hands

and get involved in rebuilding a house that have been badly

damaged then come along, join us then you will understand what

are the issues that we are dealing with. There is forensic

investigation in ... [Inaudible.] There are attempts, if you

were listening carefully to the speech. There are six things

or five things that I have listed from recovering money, to

getting board, to act against the staff and anybody involved,

I can’t repeat that now because I don’t have the time.

Therefore, listen carefully and you will find that we are



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 83**

taking actions to pursue on what the Zondo Commission has

reported.

Hon Acting House Chair, what fascinating is that the four

speakers on the ANC went into matters of substance in details

not rhetoric. They went into matters that are grappling with

the real issues that are confronting our country and our

people. Therefore, the message for South Africans is very

clear, this government does care. This government will get

things right. There is no silver bullet as I pointed out ...

[Interjections.]

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Minister, my

apologies. Hon Cachalia, your hand is up.

Mr G K Y CACHALIA: Yes, Chair, I want to know if the Minister

would take a question.

The MINISTER OF PUBLIC ENTERPRISES: No, Acting House Chair,

this is not a speech contest. No, thank you. May I continue,

Acting House Chair? Therefore, as I was saying that this

government will get things right, Acting House Chair.



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 84**

The ACTING CHAIRPERSON (Mr M G Mahlaule): Hon Minister, I hate

doing this to you. Hon Papo, your hand is up. hon Papo!

Mr A H M PAPO: Presiding officers, I’m very surprised, when

the debate is being responded to no rule allow for a question

to be asked.

The ACTING HOUSE CHAIRPERSON (Mr M G Mahlaule): Hon Papo,

allow me to preside over the proceedings. Hon Minister, can

you proceed.

The MINISTER OF PUBLIC ENTERPRISES: Let me repeat, Acting

House Chair, “there’s none so deaf as those who will not

hear”. The facts are there for everyone to become familiar

with. Therefore, if you want to get our hands dirty in

rebuilding what is a set of broken systems and join us in

actually doing so. Don’t develop wrong narratives. These are

not honest narratives to misdirect the public. To South

Africans we want to say clearly that this government is

serious about fixing things. We won’t always get things right;

we will make mistakes as we go on. However, never doubt our

sincerity and our determination to get things right. We want

energy security, we want an efficient logistics system, we



**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY**

**FRIDAY, 20 MAY 2022**

**VOTE NO 10 – PUBLIC ENTERPRISES**

**Page: 85**

want our people to have electricity at an affordable price,

and we want our people to actually enjoy safety against

criminals. However, what we need is for all of us to unite

together.

Hon Wessels, as I said so in my speech earlier so that we can

utilise all of the skills and all of the resources in order to

direct our energies towards rebuilding South Africa and making

everyone us proud of the country we have, the SOEs we have,

the economy we have, and above all, the skilled youth that we

have within our system. What we need to say to South Africans

is beware the fact narratives, beware the narratives about

liberalism wherever things must just be sold and the state and

your government must be left empty handed. Therefore, beware

the racist populism that is prevailing in our country as well.

We are absolutely convinced that we are on the right track and

we will prove that we are on the right track as we proceed

with rebuilding our country and bring building it better for

all South Africans. Thank you, Acting House Chairperson.

Debate concluded.

The mini-plenary session rose at 11:59.

