**MEDIA STATEMENT**

**PUBLIC ENTERPRISES COMMITTEE BRIEFED ON DENEL’S STRATEGIC RESTRUCTURING TURNAROUND PLAN**

**Parliament, Wednesday, 16 November 2022 –** The Portfolio Committee on Public Enterprises was briefed by Denel on its strategic restructuring turnaround plan.

Denel’s Chief Restructuring Officer Mr Riaz Saloojee said the strategic intent of the plan is to reduce dependence on the fiscus for the maintenance of critical strategic and sovereign capabilities. The success of the turnaround plan is premised on the timeous cash inflow of working capital to execute operations and the restructuring costs.

One of Denel’s plans to grow the order pipeline is to secure local orders from other state-owned entities and government departments where Denel has a suitable value proposition. For example, the supply of ammunition to the police, provincial authorities and the broader security cluster to secure sufficient baseload for Pretoria Metal Pressings to operate more efficiently. Another initiative, Mr Salojee said, is the development of a national infrastructure security capability that could benefit the South African Police Service, Transnet, the Passenger Rail Agency of South Africa and Eskom.

During the 2022 Medium Term Budget Policy Statement, National Treasury allocated R3.4 billion to Denel, as long as certain conditions are met, so that it can complete its turn-around strategy and restore financial sustainability. This signals that government recognises Denel as a national asset and has decided to ensure its long-term sustainability.

Committee members said the presentation needs to be understood for what it is – an organisational re-engineering of the business. However, the presentation is not clear on the role government will play in the turnaround strategy. The committee alluded to a project where the arms deal manufacturer lost out on an R8 billion deal, notwithstanding the government as the shareholder and could have offered a guarantee to secure the deal.

The committee said it is important to make Denel profitable and to look at other markets for profitability. Furthermore, Denel must look beyond the defence force for opportunities in other new markets, such as on the African continent. The implementation of the turnaround plan needs to be monitored so that Denel can achieve the desired outcome, the committee said.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES, MR KHAYA MAGAXA.**

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