PRESS RELEASES

**Parliament, Wednesday, 18 August 2021 –**The Portfolio Committee on Public Enterprises today received a briefing from the Department of Public Enterprises on progress on initiatives at addressing governance and financial challenges of state-owned Enterprises (SOEs).

The briefing included an update on recent explosion at Medupi, liquidation of Denel and the implementation of the South African Airways (SAA) business rescue plan.

The committee has expressed its concern over governance and financial challenges facing the SOEs. It has questioned the role of the Department of Public Enterprises in addressing the challenges and measures that are in place to address those challenges. Denel, one of the state owned enterprises, is unable to pay salaries to its employees.

Responding to the committee’s question on the department’s engagements with the National Treasury for the purposes of addressing the financial challenges faced by Denel, the department’s Director General, Mr Kgathatso Tlhakudi, told the committee that a solution on Denel’s financial challenges is being addressed.

On progress regarding the development of the Government Shareholder Management Bill, Mr Tlhakudi told the committee that the draft of the Bill will be ready by the end of 2021. According to Mr Tlhakudi the Bill will address the lack of the overarching SOE legislation and will determine an appropriate shareholder ownership model.

On Eskom, the committee told the department that it will await a report on the consequence management regarding explosion that happened in Medupi on 8 August. The committee indicated that the report should outline the financial implications of the explosion and where funding will be sourced. The committee told the department that it was concerning that loadshedding was not mentioned in the presentation yet it is a national problem.

On the SAA, the committee said it understands that the equity partner will now have 51% of the airline, however, it told the department that it is not clear about what the new partner will be offering. Regarding the SAA subsidiaries, the committee told the department that it should have been better prepared to deal with the challenges facing the entity.

The Chairperson of the committee, Mr Khaya Magaxa, said the department is responsible for addressing issues that affect proper functioning of the entity and problems which impede on governance and financial administration of the SOEs.

**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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