

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 1272**

**QUESTION:**

**1272.    Mrs M O Clarke (DA) to ask the Minister of Public Enterprises**

What (a) significant restructuring plans have been put in place since the current board members were appointed and (b) successes have been realised in terms of the financial recovery of Denel judging from the state the specified company is in?  NW1464E

**REPLY:**

**According to the information received from Denel:**

1. The Board approved Denel’s turnaround plan in 2019 with the aim to refocus the business to reduce duplications and dispose non-cores assets.
2. Denel and the Board has made significant inroads in the restructuring the business key initiatives and success include the following:
   * 1. LMT (expected annualised savings of R48m).
     2. Exit of loss making subsidiaries
     3. Exit of Denel Aerostructures (expected annualised savings of circa R260m).
     4. Exit of onerous contracts.
     5. Cumulative cost savings in excess of R1bn since April 2018 to September 2020, mainly driven by a 27% reduction in employee numbers.
     6. A 43% forecasted reduction in operating expenditure in FY20/21 vs FY19/20. Mainly as a result in reduced employment costs [as a reduction in natural attrition of employees] and overall subdued business activity.
     7. Improvements to governance and co-operating with the Commission of Inquiry into State Capture and the Special Investigating Unit (SIU).

However, much still needs to be done to reposition Denel and return it to functionality and profitability. A challenging road will have to be traversed to get to this point. Recovery from the huge damage done to these institutions by state capture is a challenging task. There is no “quick fix” in this regard.