

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 2111**

**QUESTION:**

**2111.    Ms B M van Minnen (DA) to ask the Minister of Public Enterprises:**

(1)        With reference to Denel’s presentation to the Standing Committee on Public Accounts on 24 August 2021, (a) what are the reasons for the 161% increase in the number of contractors from 1 April 2021 to 30 June 2021;

(2)       Whether any arrangement has been reached with the SA Revenue Service regarding the outstanding pay as you earn-debts owed by Denel; if not, what are the implications for Denel and its relevant officials as it pertains to possible criminal prosecution under section 234(p) of the Tax Administration Act, Act 28 of 2011; if so, what are the relevant details;

(3)        Whether the three executives implicated in the Ngidi report with respect to the R356 million VR Laser Group were suspended with pay or without pay; if not, why not; if so, what are the reasons;

(4)        What were the outcomes of the completed disciplinary action taken against the Denel employees implicated in the R69 million ENNE7 contract?        NW2395E

**REPLY:**

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

**1.** The increase in the number of contractors in the period from 1 April 2021 to 30 June 2021 was as a result of permanent employees, who resigned from their permanent positions and later offered their services on a fixed term basis.

**2.** SARS is amenable to granting Denel a deferred payment arrangement for the legacy tax debts and a compliant tax status provided the entity pays the current monthly Value Added Tax (VAT) and Pay as You Earn (PAYE) for August and the subsequent tax periods. Denel managed to pay the VAT due on 31 August but the PAYE remains unpaid.

SARS has indicated their intention to invoke the provisions of section 169 of TAA and recover tax that is due to the fiscus followed by the provisions of section 172 (Application for civil judgment for recovery of tax) in the event of not securing enough cash to liquidate the current outstanding liabilities.

Provisions of section 234(2)(k) that lead to conviction, fine or imprisonment for a period not exceeding two years may be applied by SARS against the management of Denel due to non-payment of VAT and PAYE withheld and not paid over to SARS.

**3.** The three (3) executives, implicated in the Ngidi Report are currently on precautionary suspension with full pay.The suspension with full pay is in line with the Denel SOC Ltd Disciplinary Code.

**4.** Four (4) employees who were implicated in the ENNE 7 contract were subjected to disciplinary hearings. Two were found not guilty. The other 2 were found guilty and were given Final Written Warnings. In addition to the Final Written Warning, one also received an additional 12 months suspension without pay.