

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION No: PQ 2202**

**QUESTION:**

**Ms O M C Maotwe (EFF) to ask the Minister of Public Enterprises:**

1. What (a) are the full details of the establishment of the proposed state-owned holding company that will oversee all state-owned companies and will be free from political interference as he announced during the Budget Vote 10 on 20 May 2022, (b) mechanisms will he put in place to ensure that it is insulated from political interference.
2. whether his announcement was a recognition that there has been an undue influence by politicians on the management of state-owned companies; if not, what is the position in this regard; if so, what are the relevant details? NW2610E

**REPLY:**

1. **(a)** There have been a number of studies within government over time to determine how SOEs should be governed, and on other matters such as which SOEs are required in current context, and which are not. The President established the Presidential SOE Council (PSEC) to advise him on these and related matters. Based on a review of global experience and work done within the Department, the PSEC recommended the centralised shareholder model, which is reflected in the holding company (Holdco) proposal. A policy paper, draft legislation and other legal documents have been in preparation. Once the governance process has been concluded, other formal processes will be pursued.

**(b)** It is proposedthat the **Holdco** will be governed by an independent board that will be acting in the fiduciary interests of the company. However, the commercial and development mandates of Holdco will be set by government. Similarly, it is anticipated that Holdco will ensure that the governance of SOEs is carried out in a transparent and accountable manner, with a high degree of professionalism and effectiveness.

1. While evidence of state capture has recently been confirmed concerning the affairs of some but not all SOEs, the development of the shareholder management bill is based on the intent of building a capable state through among others, the adoption of globally recognised practices in managing all SOEs owned by the government of the Republic of South Africa. The work that informs the establishment of the Holding Company predates state capture and is meant to among others, insulate SOEs from undue influence based on insights derived from global best practices.