

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 4315**

**QUESTION:**

**4315.   Mr E M Buthelezi (IFP) to ask the Minister of Public Enterprises:**

Whether, with reference to his department’s Budgetary Review and Recommendations Report which reflected that a number of state-owned enterprises (SOEs) did not submit their financial statements by the prescribed due date, he has found this as being indicative of the specified entities’ decline in quality of service and their performance; if not, what is the position in this regard; if so, what systematic methods will his department provide for monitoring the performance of SOEs, more especially when it comes to their financial statements as per its mandate?         **NW5431E**

**REPLY**

The factors that affect the ability of State-Owned Companies (SOC) with the Department of Public Enterprises (DPE) to submit audited Annual Financial Statements (AFS) within the stipulated time are not as a result of decline in quality of service and their performance, but usually beyond the control of either the SOC or DPE. The main driver is going concern which requires funding. Therefore, SOC experiencing liquidity challenges have to develop mitigating factors and demonstrate sources of funding to ensure that they will be able to operate as a going concern over a period of twelve months.

The following have been the circumstances for specific SOCs with plans to remedy the situation:

1. **SAA**

The airline could not complete the AFS on a going concern basis for the 2017/18 financial year. This resulted in the airline being placed under business rescue from 6 December 2019 to 30 April 2021. The 2017/18 AFS were completed after the entity exited the business rescue. The Auditor-General is currently auditing the 2018/19 to 2021/22 AFS.

1. **Denel**

Denel continues to face liquidity challenges, which has resulted in the 2020/21 and 2021/22 AFS audits not being finalised. However, Denel has been allocated R3.4 billion to implement its turnaround plan. It has also commenced on disposing off non-core assets. This has enabled it to develop plans to conclude the outstanding audits over the 2022/23 and 2023/24 financial years.

1. **Eskom**

Eskom experienced delays in publishing the Group's 2022 Annual Financial Statements (AFS) due to the delay in the appointment of the new external auditor. The entity anticipates publishing the AFS not later than 31 December 2022 once the audit is completed.

1. **Alexkor**

The AGM relating to the 2020/21 financial year was only held in May 2022. As a result, there was a delay in appointing external auditors to audit Annual Financial Statement for the year ended 31 March 2022.

**Remarks: Reply: Approved / Not Approved**

**Jacky Molisane PJ. Gordhan, MP**

**Acting Director-General Minister**

**Date: Date:**