

UNREVISED HANSARD

MINI-PLenary COMMITTEE ROOM E249

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PROCEEDINGS OF MINI-PLenary SESSION - COMMITTEE ROOM E249

Members of the mini-plenary session met in Committee Room E249 at 16:43.

House Chairperson Ms M G Boroto took the Chair and requested members to observe a moment of silence for prayer or meditation.

The HOUSE CHAIRPERSON (Ms M G Boroto): Order! Hon members, let me first welcome all the guests in the gallery. We appreciate your presence at this debate in this Chamber.

APPROPRIATION BILL

Debate on Vote No 9 - Public Enterprises:

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The MINISTER OF PUBLIC ENTERPRISES: Hon House Chair, my Deputy Minister Masualle, hon members, members of the new portfolio committee led by its chairperson Mr Mkhacani Maswanganyi ...

Mr N S MATIASE: House Chair?

The HOUSE CHAIRPERSON (Ms M G Boroto): Why are you rising, hon Matiase?

Mr N S MATIASE: I rise on Rules 78 and 79 in their concurrent applications.

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes, I'm listening.

Mr N S MATIASE: Madam Chair, as Members of Parliament, we took an oath of ... [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members ...

[Interjections.] Hon members! Hon Gordhan, just stand there please.

He can't sit down. There's no chair. Hon Paulsen?

Mr M N PAULSEN: Chair, may I have your attention please?

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The HOUSE CHAIRPERSON (Ms M G Boroto): We are waiting ... Hon Paulsen, your member is standing on a point of order.

[Interjections.] Just be quiet. Let me listen to the point of order. You said you were standing on Rule ...78?

Mr N S MATIASE: Madam Chair, may I repeat myself? I said that I was rising in terms of Rules 78 and 79 in their concurrent application. We, as Members of Parliament, individually and collectively, were sworn in here and took an oath of office, and that called on us as Members of Parliament to take a higher level of responsibility and obligation.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, what is your point of order? I don't need a speech. [Interjections.] Hon member ... [Interjections.] I am talking to the member who is at the podium. [Interjections.] Hon members, I am not going to allow that.

Mr N S MATIASE: Madam Chair, allow me to speak.

The HOUSE CHAIRPERSON (Ms M G Boroto): No, no. We don't speak. We raise points of order.

Mr N S MATIASE: ... raise a point of order?

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The HOUSE CHAIRPERSON (Ms M G Boroto): Yes, do that.

Mr N S MATIASE: We have an obligation to protect Chapter 9 institutions, particularly the Office of the Public Protector.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, that is a point of debate and not a point of order.

Mr N S MATIASE: The Minister who stands before us here is obliged like all of us ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Matiase, I am not going to listen to you anymore because that is not a point of order.

Mr N S MATIASE: ... to respect the remedial actions of the Public Protector.

The HOUSE CHAIRPERSON (Ms M G Boroto): Unfortunately, we don't have hon members as guests.

Mr N S MATIASE: And in his failure to do so he rendered himself a constitutional delinquent.

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The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Matiase ...

Mr N S MATIASE: We see no need to listen to a constitutional delinquent.

The HOUSE CHAIRPERSON (Ms M G Boroto): Unfortunately, hon members ... [Interjections.]

Mr N S MATIASE: And we cannot listen to him ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members!

Mr N S MATIASE: ... and therefore cannot allow him to address this House. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, I am not going to listen to you. [Interjections.] That's a point of debate.

Mr N S MATIASE: We cannot allow him to address this House.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Matiase, please take your seat. That's not a point of order.

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Mr N S MATIASE: We cannot allow him to address this House, because he is a constitutional delinquent. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Can I respond to you? [Interjections.] Can I respond to you? Please, hon members, please be quiet. Hon Matiase, you must raise a point of order. That thing is not a point of order. It is a point of debate. [Interjections.] Whatever you are saying ... Hon Paulsen, I am talking to him. So that is not sustained. Continue, hon Minister.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, Chairperson ...

Mr N S MATIASE: House Chair, you cannot rule on a point of order you have not heard out.

The HOUSE CHAIRPERSON (Ms M G Boroto): No. I listened to you. You are giving a speech.

Mr N S MATIASE: You have not heard out my point of order.

The HOUSE CHAIRPERSON (Ms M G Boroto): I am not going to listen to your speech. I need a point of order.

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Mr N S MATIASE: The point of order is that before us stands a constitutional delinquent, a man who faces serious ... [Inaudible.]

The HOUSE CHAIRPERSON (Ms M G Boroto): No, no. Hon Matiase, now I am asking you for the last time: Take your seat ... [Interjections] ... or leave the House ... [Interjections.] ... or leave the House. [Interjections.] Order! Please continue, hon Minister.

The MINISTER OF PUBLIC ENTERPRISES: Hon House Chair, Cabinet colleagues, Deputy Minister, members of the portfolio committee, sanibonani.

Mrs K N F HLONYANA: On a point of order, House Chair! On a point of order ... on a point of order!

The MINISTER OF PUBLIC ENTERPRISES: In a few days' time ...

Mrs K N F HLONYANA: On a point of order, House Chair! Please rule. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): ... [Inaudible.] What is your point of order? Please state the Rule on which you want to raise your point of order.

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Mrs K N F HLONYANA: Member Matiase has raised that Rule, and you, Chairperson, are not listening. You did not even allow him to speak and finish. You just rejected and you were just not listening.

[Interjections.] This man is not going to speak today. It is not going to happen. [Interjections.] It is not going to happen. And we are not going to leave the House. We are not leaving the House and he is not going to speak today. He is not going to speak. [Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): ... [Inaudible.] What's happening with the microphone? Oh. May I please say this, hon members, politely so: This member who is in front of us is a member of the National Assembly. At the same time, he is our Minister of Public Enterprises. [Applause.] [Interjections.] If you are not ... [Interjections.] I am still talking. If you are not going to listen to the Minister, you can go. We are not going to allow disruptions. That is disruption. Continue, hon ...

Ms R N KOMANE: On a point of order, Chairperson. Point of order.

The HOUSE CHAIRPERSON (Ms M G Boroto): What is your point of order? On what point are you rising?

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Ms R N KOMANE: The point I am rising on is the very same point that MP Matiase rose on. Chairperson, we did not come here ... We have a responsibility as Members of this Parliament.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, it is not the time for speeches.

Ms R N KOMANE: No, no, no, Chairperson. We did not come here on your call, Chairperson. We came here ... [Inaudible.] ... the people. We will not listen to you whilst you are not rational. You must be rational on the matter, Chair. We came here to protect the members of the ... [Inaudible.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, please take your seat.

Ms R N KOMANE: No.

The HOUSE CHAIRPERSON (Ms M G Boroto): You are not going to take your seat?

Ms R N KOMANE: But, Chairperson ... [Inaudible.]

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The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, take your seat.

Ms R N KOMANE: On a point of order, Chairperson ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Take your seat. Let me tell you what the point of order is. The point of order is on Rule 92. Read it. [Interjections.]

Ms R N KOMANE: Ag, Chairperson ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Continue, Minister.

Ms R N KOMANE: But MP Matiase has risen on the Rules of this House. He has risen on the Rules of this House.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, unfortunately, I can't name you because I don't know your name.

Ms R N KOMANE: I am hon Komane.

The HOUSE CHAIRPERSON (Ms M G Boroto): But I am going to ask you to leave the House.

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Ms R N KOMANE: No, no, Chair. I am hon Komane. I am hon Komane.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member ...

Ms R N KOMANE: I am hon Komane.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Komane, thank you for sitting down. Whoever stands on the same matter will have to leave us in peace. [Interjections.] To the hon members of the EFF, may I ask this question: Is that what all of you are saying - that he will not speak? [Interjections.] Thank you very much. All hon members of the EFF, please leave the House. [Interjections.] [Applause.]

Mr N S MATIASE: House Chair, what you are doing is unlawful; it is unprocedural. We are not a group here. We are individual Members of Parliament, and if you want to eject us from this House you are compelled by the Rules of this House to name us. [Interjections.] Until you do that, you have no authority whatsoever to treat us the way you are treating us.

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon Matiase ... You know that you are giving me a task. I will start with you, hon Matiase. Hon

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Matiase, are you saying that the hon Minister is not going to speak here? [Interjections.] I need an answer.

Serjeant-at-arms ... Serjeant-at-arms ... Serjeant-at-arms?

Parliamentary security, please come in. Parliamentary Protection Services, please come in. Parliamentary security, please come in. Parliamentary security, please come in.

Mr N S Matiase, having disregarded the authority of the Chair, was ordered by House Chairperson Boroto to withdraw from the Chamber for the remainder of the day's sitting.

The member refused to leave the Chamber and proceeded to approach the Minister of Public Enterprises at the podium, joined by members of the Economic Freedom Fighters present and further engaged in grossly disorderly conduct in contravention of Rule 69.

Due to the reasonable prospect of violence or serious disruption the House Chairperson called upon the Parliamentary Protection Services to assist in removing the members from the Chamber in terms of Rule 73.

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The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members, let me apologise for what has just happened, and I also apologise to our guests. I now allow the hon Steenhuisen.

The CHIEF WHIP OF THE OPPOSITION: Madam House Chair, may I address you in terms of Rule 69 of the Rules of the National Assembly?

The HOUSE CHAIRPERSON (Ms M G Boroto): Yes.

The CHIEF WHIP OF THE OPPOSITION: Madam House Chair, what we have just witnessed here is probably one of the grossest violations of parliamentary privilege I have ever seen. To prevent an elected member of this House from speaking in the House and then not only doing that but exacerbating that by physically threatening the member is a gross violation of not only the traditions of Parliament but the Rules of this House. I ask you, House Chairperson, as a House Chair of this House, in terms of Rule 69, to refer all the members here – and, I'm sure they will be able to be identified on from the camera footage – to the appropriate forum and that they be charged with gross disorderly conduct in terms of the Rules. We can't have a place where this place becomes a battle of who can un-chew the hardest, or who can chew out the person. We use arguments, not force, in this House. And I ask, in order to restore the dignity

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of this House and try to clean the stain that has been put on the floor of this House today, that appropriate action is taken against those members. Thank you. [Applause.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon Steenhuisen. Hon Radebe?

Mr B A RADEBE: Chairperson, I totally agree with what the hon Steenhuisen has just said: that this behaviour cannot be tolerated anymore. I think that this is a democracy where the people must express their views, but in a proper way and not in the way they have done. Thank you, Chair.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much. That will be looked into. Hon Singh?

Mr N SINGH: Thank you, hon Chair. Chair, I want to also agree with what the hon Steenhuisen and the hon member Radebe have said. On behalf of the IFP, we also feel that this matter should be investigated at the highest level. We cannot allow this kind of disorderly conduct in the House.

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The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much. Luckily, we do have the footage, and I will communicate that to the Speaker's Office.

Mr A M SHAIK EMAM: Chair, on behalf of the NFP, I also want to concur with my colleagues. I think that what happened here today was totally unacceptable. I want to agree with what the hon Steenhuisen said. But, I think, what is more important, Chair, is this: I think that for every crime there must be a sanction that fits the crime, and I think that that is the problem we have in this House. If we could just address that, I think we will go a long way in ...
[Inaudible.] Thank you, Chair. Hon Swart?

Mr S N SWART: Thank you, House Chair. What actually aggravated the situation to become even worse today was the threatening attitude towards the Minister ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Moving towards him.

Mr S N SWART: Exactly. I felt constrained to stand next to him. I think that is absolutely disgraceful, and it is a higher level of threats in this House that must be addressed. So, I concur with every speaker. Thank you.

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The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much. Do we have any other party leader here? No. Thank you to all of you, and we will definitely take this to the relevant forum and the Speaker will be notified of what happened here today. We will be advised as to how we proceed with the matter. Thank you very much. I apologise to our guests for witnessing that. This is Parliament anyway. Thank you. Hon Minister, this is your chance.

The MINISTER OF PUBLIC ENTERPRISES: Thank you House Chair, let me start again. Hon House Chair, Deputy Minister Masualle, hon members from all the parties, boards, chairpersons and members of state-owned enterprises boards, executives that are running our state-owned enterprises and fellow South Africans. Firstly, let me thank - I will come back to that in a moment. In a few days' time we will be celebrating Mandela Day. It is also appropriate to acknowledge the 55th anniversary of the Rivonia Trial today. This trial and those that faced the might of the apartheid state, reflected the political moral and social courage of our leaders. The Rivonia trial is emblematic of the resistance to an evil system and demonstrated unrelenting courage to oppose injustice, racial oppression and economic exploitation. This should remind all South Africans, particularly after what we have witnessed, and hon members of what it means to be bold in the face of adversity and uncompromising in

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fighting any form of malfeasance and corruption, and to that house Chair we can add attempted violence and intimidation.

I have the honour to present the Budget Vote for the Department of Public Enterprises for the 2019-20 financial year. State-owned enterprises constitute a key part as we all would acknowledge of our national life and our national assets. They are central to our developmental and economic agenda. The reform of state-owned enterprises is part of a broader agenda of structural reforms in our country.

The department provides strategic direction and oversight to the SOEs that it has been charge with the responsibility for, so that their businesses are aligned with the national growth strategies arising from the National Development Plan, the medium terms strategic framework and other guiding policies of government.

Over the last 18 months, we have attended to many crises at our SOEs. We have also increasingly understood the deep damage that has been visited upon these institutions; and the far reaching consequences of state capture for the economy at large, and if I may add, what you have witnessed is a defence of state capture [Applause.] One must ask; what is it that motivates

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ordinary members of Parliament whichever party they come from, to engage in such a intimidating tactics? The question you, ourselves and the public must ask; is what do they have to hide? What are the guilty of? What is it that they don't want to be locked behind bars for? Intimidation of this kind- let me say very clearly and categorically; is not going to intimidate me and stop us to fight the good fight [Applause.]

Many of my comrades on my right have been in detention, have been in solitary confinement, have in prison for one reason or another and the face the might of apartheid state, this is something that we are not going to give in to, let me make it very clear. We have survived apartheid; we will survive this fascist populism.

The consequences of the damage to SOEs are felt in particular by the millions of the poor people of our country in the form of unemployment, poverty and inequality. This has had a negative impact on government's ability to deploy SOEs in addressing our developmental objectives. The quantitative damage is immense and will only unfold overtime. To date the department has collected some 3000 forensic reports, 3000 forensic reports from just 708 SOEs. So far, an estimated R600 million has been identified as collectable

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and due to the state. The Department is collaborating with the law enforcement authorities to ensure that criminal actions are reported and that civil recoveries are undertaken.

The Investigating Directorate in the National Prosecuting Authority, NPA, will fast-track investigations including from the evidence presented to the Zondo Commission. The Special Investigating Unit, SIU Special Tribunal will adjudicate upon any civil dispute brought before it by a Special Investigating Unit or any interested party.

In June this year, a full bench of the Gauteng High Court, set aside a multi million rand contract unlawfully entered into between Eskom and Trillian, a Gupta linked entity. The court was scathing about collusion between former Eskom officials and the directors of Trillian and has ordered the company to repay almost R600 million of fees it illegally received from Eskom. Can I ask to join me in congratulating the Eskom board [Applause.] In this regard, I am sure we do it better than that [Applause.] of course there is billion more to collect.

Previously, McKinsey, another consultancy, repaid close to R1 billion to Eskom from the same contract. Similarly, Transnet has instituted legal claims to recover large amounts from the

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beneficiaries of the 1064 to what famously is referred to as 1064 locomotives acquisition tender and related transactions. The Special Investigations Unit is investigating another 30 Transnet contracts, including property and Information Technology, IT, contracts, the largest of which was worth more than R7 billion.

Recently, the Deputy Director of Public Prosecutions, Ms Hermione Cronje said that; "The cost of state capture hovers around R1,5 trillion over the second term of the Jacob Zuma administration". That is what these members who demonstrated their impatience earlier on to call it politely - are defending. We must be frank that after a decade of mismanagement, negligible board and executive fiduciary accountability for poor performance, malfeasance that enabled state capture, and rampant corruption, amongst our biggest SOEs, many are in deep financial difficulties and will be unable - as the President earlier pointed out several times - to trade their way out of their difficulties.

The flight of management and technical skills, who were chased out by "capitalists of these institution" has negatively impacted upon our SOEs, it has also impacted staff morale and work culture, especially from those who did not want to partake in corrupt activities - and of those I am sure they are vast majority in many

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of these entities. In the last 18 months, we have begun the process of restoring good governance, skills management and effective operations at the SOEs. Financial sustainability of the SOEs requires a lot more work, of course. Several state-owned companies face negative cash flows and are financing operations from debt, which has become increasingly difficult to raise.

On 23rd May 2018, Cabinet approved a new permanent board for Transnet, similarly for Denel and many of the other entities as well, including SA Express. Many of these entities of course are also facing a changing global environment, that they have taken into account both now and in shaping their future business models.

The Department in turn, will have to be cognisant of the changing international space, if you like. The decline in trade intensity driven growth - in other words, the amount of trade that has happened over the last 20 or 30 years across different countries is about to change as a result of kind of protectionism that some of the bigger economies in the world are practising.

The impact on global value chains and the emergence of global protectionism - as I pointed out; will have an impact on SOE businesses and operating environment and models as well. So if I

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there is less containers being moving around that will impact upon Transnet business for example. The role of our department is going to change as well. We now have an opportunity to develop the department into a modern ethical and effective representative of government as a shareholder of SOEs. This will also entail a new sense of pride and promotion of our collective national interest among the staff. The department must and will develop into a centre of government excellence where the best experts and skills in the various sectors in which SOEs operate can be found.

There is a need to re-look the role of the department as a Shareholder Ministry, to give a lot more content and meaning to what oversight over these entities actually means. I see there is cyber crime going on, the timing clock is disappearing. As far as a new approach to shareholder oversight is concerned, we want to outline the following, which we will elaborate on as we go on: The first in respect of governance and accountability; boards must be increasingly accountable for the financial and operational performance and repositioning of SOEs.

The new approach will necessitate that we revisit all the instruments of SOE oversight, including the Strategic Intent Statement, the Shareholder, the Compacts; Memorandum of

Incorporation; and SOE Performance Appraisal Systems. Secondly the SOEs must be more aware of the positive impact that can and should have on the economy of the country, by increasing investment in the economy, crowding in private sector investment in more of their project and infrastructure. Reducing the cost in doing business and cosy of living by reducing logistic costs and tariffs for example and promoting the growth of manufacturing linked to local procurement and localisation.

In addition, it can make a positive impact on the economy by creating both small and medium size businesses in larger numbers and contributing to the skills development, in our economy and society as well. Looking into the future the boards will be asked to: reviewing current business model - some of them have been doing so already - and developing models appropriate to the conditions that are unfolding both within the country and outside. They should also develop financial sustainability plans, over the next few months to ensure that SOEs are financially self reliant in the medium term. In giving effect to its renewed efforts to turn around the SOEs, the department will over the next six to eight months work with the boards of the SOEs to develop new operating models for their businesses, and develop a financial sustainability plan, for approval of government.

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This will focus on governance and accountability and as I pointed out conscious effort to become more positively in our economy, and ensure that more enterprises are created because that is what economic growth is all about at the end of the day. With specific reference with to some of the SOEs, Eskom as we all know and as the President has pointed out and the board as on many occasions, faces operational, financial and structural challenges, which are driven by massive cost and time overruns on the new build program, some difficulties and collapse in governance over the period of time, unsustainable debt levels which stands at about R420 billion at the moment, under investment, and poor maintenance of plants and several other factors that we have outlined before.

In seeking to stabilise the financial situation at Eskom in the short term, the Minister of Finance as the President indicated, will introduce a Special Appropriations Bill in Parliament in the near future. He speaks later today and I am sure he will give an indication to Parliament in this regard. As far as our operational performance of Eskom is concerned, what we will be looking at in the coming months is how the different episode of load shedding can be avoided in the future and Eskom the department with the assistance of the Department of Energy and Mineral Resources, and the National Treasury, will be producing a paper as the President pointed out in

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his response to the state of the nation address debate. This paper will give an insight and indeed a forward looking view on what the future of Eskom will be and will outline the future energy environment, the financial arrangements for Eskom, address the indebtedness of Eskom and lastly the kind of restructuring phases that Eskom will undergo as we get into the future.

Included in this will be an indication of further cost saving majors, in relation to coal costs, staffing costs and the introduction of capital efficiency. Operationally sustaining a high level energy availability is going to be an important task that the operation people within Eskom are required to give their attention to.

The department will cooperate also with my colleague Minister Mantashe, to finalise the National Energy Regulator, NERSA, Amendment Act to establish a proper recourse for regulatory decisions, should Eskom or any other party wishes to challenge those. In the news, very much there has been the Chief Restructuring Officer and careful consideration is being given this by both ourselves and the Treasury and hopefully soon rather later an announcement will be made in this regard.

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As far as Transnet is concerned, Transnet's focus going forward is to improve the efficiency, reliability and cost effectiveness of its freight transportation by reducing the cost of doing business and improving the competitiveness of the country's exports. This is in line with the commitment government has made as part of the stimulus package that a review of port and rail prices will be undertaken, in addition boosting exports and making South African industry more competitive than it is.

We have confidence in the Board led to realise the objectives we have set for it. The process of recruiting the new executive leadership at Transnet and in other entities is in progress as well and we are expecting that the boards will put forward names of competent and capable member of executive team that to lead this entity into the future.

Transnet's operational performance can no doubt be improved further. Rail volumes have remained stagnant over the last Medium Term Strategic Framework, MTSF, period, and well below the target of 330 mega tons per annum set for the company. There has to be an increased effort to understand and respond to the needs of business, thereby contributing to economic growth and efficiency.

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The board and management will be set targets in the Shareholder Compact, as would other boards and management as well, to achieve these objectives. My colleague, the Deputy Minister will address issues around Denel and Alexkor.

As I come to the end, say the following in relation to the program overview of the department. As far as the 2018-19 expenditure overview is concerned, the department was allocated R6,52 billion for 2018-19. Included in the departmental allocation was an amount of R5 billion for South African Airways, SAA, recapitalisation and R1.2 billion for SA Express. The allocation for the department itself was R273,9 million. The under spending of R48 million was the result of vacancies and frankly I didn't to make any changes in the department pending the election that have just occurred, so that we have a better sense for what the President has in mind. Once a departmental restructuring has been completed in the current financial year, many of these posts particularly those involving experts in the different fields will be filled.

As far as the 2019-20 allocation is concerned, the department has been allocated a budget of R293 million in 2019-20 and R312 million in 2021 and R332 million in 2021-22. The allocation represents an average growth rate of 6,5%, this is just above inflation. The

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department's focus over the medium-term will be largely on enhancing the capabilities of the department in performing its oversight role on the various SOEs by ensuring that the pool of highly skilled professionals is augmented, as I pointed out earlier on.

Programme one which is administration and cooperate management, the aim of the branch is to provide strategic management and support to the department, but of course it includes the ministry as well.

Programme two, State-Owned Companies Governance Assurance. The priorities for this programme over the year will the goal of finally producing a Government Shareholder Bill which could be adopted in the next year or so, which would then create an overarching legislation for SOEs under the control of government.

This will amongst address governance, SOE mandates, funding models and so on. SOE reform is on going process and we will continue to review the SOE landscape emanating from the report of the Presidential Review Commission, that was reported upon earlier on around 2010-11. The main principles have already been approved by Cabinet. These seek to assess the SOE landscape and to ensure that there is regularity in terms of what happens in different SOEs in relation to remuneration, the appointment of boards and the reform processes that are undertaken.

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Finally, Programme three, which is Business Enhancement, Transformation and Industrialisation. The priorities here will be examining on an ongoing basis the maintenance plans, operational practices, electricity generation and distribution in case of Eskom and other factors similarly in relation to other SOEs. Optimise the various assets that held in different entities some which as I said the Deputy Minister will address.

Monitoring progress and working with Transnet in improving the cost-effectiveness, efficiency and reliability of its freight transportation system and achieving a modal shift from road to rail. Something that we have talked about a lot a government, as the SOEs and indeed as private sector but haven't done enough at this point in time.

Finally let me take this opportunity to thank, the outgoing Chairperson of the SAA Board, Mr Magwaza who has tendered his resignation for personal reasons and the vacancies on that Board will be filled shortly. Secondly to thank the chairperson of various boards for the leadership and intelligence under very difficult circumstances and for the board members with the manner in which they have applied themselves both to managing the crisis but also beginning to turn around as we would say, the various entities.

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I want to pay particularly thanks to the outgoing Chief Executive Office, CEO, of Eskom Mr Hadebe who is present amongst us, who has played an important part in sustaining Eskom during a very difficult period and at least solving some of its financial problems as he goes about doing it. Finally, I wish the committee well, in its deliberations and want to thank Mr Thuto Shomang former official from Treasury who went to private sector four years ago and responded to the Thuma Mina call to come and help us in the department for last seven or eight months. He says government work is too easy he needs do a more difficult job in the private sector but owe huge depth of gratitude for the excellent work that he has done for the department [Applause.]

Finally, finally as they say in the ANC, to the members of the EFF, in they are listening, they better adopt a different approach because intimidation and slurring once integrity and casting aspersion is not going to work. If they have stolen money from a bank or anywhere else, they should own up to it and face the consequences [Applause.] Thank you.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon Minister. Hon members that are still coming to the podium - that is not just a

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computer there is red colour there, once the red colour vanishes it means 'your time is up' thank you.

Mr K E MAGAXA: Hon House Chairperson, Minister, Deputy Minister and all protocol observed, on 9 July 1987, a young revolutionary fighter Ashley Kriel, affectionately known as Che Guevara of the Cape Flats, was brutally murdered by the apartheid police at a safe house in Athlone. His assassination, 32 years ago, robbed our struggle of the brave, fierce and courageous revolutionary. His untimely murder inspired more gallant efforts leading to our ultimate triumph in 1994.

This speech is therefore dedicated to the memory of the Che Guevara of the Cape Flats.

Throughout the course of our history, the liberation movement has always been able to analyse concrete South African and global reality in order to provide lasting solutions. It was under the same guiding force of the liberation movement that the multitudes of South Africans gathered in Kliptown in 1955 and adopted the Freedom Charter as a basis and a minimum programme of the Revolutionary Alliance to combat the reality of colonialism of a special type in our country.

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House Chairperson and hon members, there are still many stubborn vestiges of colonialism of a special type. The only way to fight the legacy of colonialism is thorough execution of the National Democratic Revolution. For the ultimate resolution of the three major contradictions of our struggle which are race, class and gender, we must aggressively execute the revolutionary programme of fundamental change which the people overwhelmingly support.

Minister, the President highlighted seven priorities for the new administration and whilst all are equally important, I would like to lift two that are extremely significant for this portfolio, particularly in pursuit of our developmental state agenda and they are: Firstly, economic transformation and job creation. Secondly, building a capable, ethical and developmental state.

These priorities constitute the cornerstone of our agenda to reorientate our state-owned entities towards the attainment of the democratic and capable developmental state as a practical expression of our commitment to execute the National Democratic Revolution. We are in a revolution.

To be clear, our understanding of the developmental state is a state that derives political legitimacy from its record in economic

development, which it tries to achieve mainly by use of selective industrial policy.

Hon Minister, we support the Budget Vote of the department precisely because we understand fully well that our pursuit of developmental objectives to overcome the legacy of apartheid depends on capabilities geared towards a state-led reindustrialisation process.

Our state-owned entities are the economic levers through which the democratic state holds the possibility of directing investment for inclusive economic growth.

We must allow the department to embark on institution building, development of planning capacity as well as ensure asymmetries between incentives and subsidies and ultimately revenue generation within our strategic state-owned enterprises. In the final analysis, we need a capable and ethical developmental state to be able to hold the private capital accountable on investment priorities and the general developmental trajectory.

Comrade Minister, hon members, let me hasten to say there will be rhetorical posturing from the far right and delusional fantasies from the populist fascist who pretend to be in the left by the way.

This, I characterise as criticism without critical thought. It has become predictable that neoliberal circles parrot tired tactics and agendas that advocate for the privatisation of the state-owned enterprises.

The advocates of this discredited orthodoxy do not have the interest of our people because if they did, they would desist from advocating for appropriation of social and collective assets for private wealth accumulation. They advocate for giving free license for primitive accumulation by people who only socialise the risks and losses yet privately appropriating the gains.

Objections to the mantra of wholesale privatisation derive from, among other things, the observation by renowned scholar Noami Chomsky when he said, I quote: "It [predatory capitalism] is incapable of meeting human needs that can be expressed only in collective terms, and its concept of competitive man who seeks only to maximize wealth and power, who subjects himself to market relationships, to exploitation and external authority, is antihuman and intolerable in the deepest sense."

Hon Minister, we concur with the President's view that Eskom as well as other state-owned enterprises are too important for our economy

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to be allowed to fail. We must state categorically clear that Eskom and all these state-owned enterprises must be stabilised and all corrupt elements weeded out in order to return to revenue generating path for economic development.

In this respect, we must commend the work of the Portfolio Committee on Public Enterprises of the Fifth Parliament. That one is very important. We must commend the work of the Portfolio Committee on Public Enterprises of the Fifth Parliament in unearthing the scandalous corruption and governance decays that plagued our most vital state-owned enterprises. These actions actually are still resisting the work of that committee.

We must call upon the Special Investigative Unit and the National Prosecuting Authority to expedite investigations and prosecute all those implicated. We must see people being arrested for wrong doing.

In this age of renewal, we have a duty to act and root out corruption and we must do so with speed and efficiency. We can't wait for the Commission of Zondo to finish. This, we must do it in the interest of restoring the credibility of the state and the revolution. For it was the German Philosopher Karl Marx who once observed that, I quote: "The philosophers have only interpreted the

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world in various ways; the point, however, is to change it." Let's change it.

So, let's follow this instructive observation and act swiftly and change the narrative and improve the image of our country. The Department of Public Enterprises currently oversees and is government's shareholder representative for about seven state-owned enterprises.

There is no doubt that these state-owned enterprises have a huge responsibility towards fundamental socioeconomic development. The Budget Vote is essential to the department's oversight function.

In 2019-20, a total of R293 million is allocated to the department.
[Time expired.] [Applause.]

Ms N W A MAZZONE: House Chairperson Boroto, hon Minister, hon Deputy Minister, fellow Members of Parliament, ladies and gentlemen, allow me to demonstrate how one disagrees as a democrat and not like fishiest behaviour we have just witnessed in this House. I now serve my third term as a Member of Parliament, member of the National Assembly of the Republic of South Africa and I serve my seventh year

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as a member of the Portfolio committee on Public Enterprises. I am now more convinced than ever that this department should not exist.

It is public knowledge that the Department of Public Enterprises was established as a catalyst for privatisation of the public entities that will be put under the control of the department. It makes no sense otherwise for Eskom not to belong to Energy and Mineral Resources, Transnet should belong to Transport, Denel should belong to Military Defense, Alexkor should belong to Energy and Mineral Resources, SAA, SAX & Mango should belong to Transport and Safcol should also belong to Energy and Mineral Resources.

The problem here is that political expediency and differences in ideology have trumped pragmatism and good governance. An opportunity was exploited to use state-owned entities as an employment agency for the ANC and for a cash cow for their investment wings and election campaigns. It was just too easy to use the public enterprises to siphon billions and billions of rands to politically connected families and companies, not to mention, the lining and building up of pension funds of politicians, with the odd general thrown in just for good measure.

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We have to be the only country in the world which has allowed people who are well known to have carried out one of the greatest heists of our time to go unpunished. In fact, in South Africa, you can admit that you attempted to bribe someone on instruction from criminals and remain not only a Member of Parliament, but a chairperson of that same Parliament.

In South Africa, the Department of Public Enterprises is the proof that all international investors use to measure our corruption levels is the cause their choice of investment destination to be anywhere but in South Africa.

It matters not how big the Department of Public Enterprises is, it matters not how small the Department of Public Enterprises is, it is a superfluous entity and it should not exist. I recently wrote to the Minister of Public Enterprises, Minister Gordhan, asking for an official comprehensive review be conducted of the state-owned entities. The reply I received came as no surprise. Again, the ever famous, yet ever allusive Presidential Review Committee established in 2010 was referred to as the guiding framework for the department.

In response, an inter-Ministerial Committee was established that was then was then converted to a Presidential state-owned entities

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council. This council is supposed to reposition the SOEs as an instrument of economic development. Now, we had review after review, task team after task team, commission after commission but here is the fact, state-owned entities are archaic in their design and they should not be used for economic development, it does not work.

The economy should be growing through supporting a free market system which gives South Africans choice and which gives South Africans opportunity to create a conducive environment for national and international investment.

You cannot grow an economy when you are held ransom by unions who cripple state-owned entities when they feel their demands are not met. You cannot grow the economy when your energy supply is not completely secure and you cannot grow the economy by pouring billions and billions of rands into already failing entities.

South Africans are literally starving; 10 millions South Africans are unemployed. South Africans do not have homes, they do not have water, they do not have electricity, they do not have basic services, our schooling is rated as one of the worst in the world, our crime rate is completely out of control, but yet, South Africans are still expected to fork out billions and billions of rands in

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bailout for these failing entities. It is an absolute disgrace and is simply not condonable, no matter what your political ideology is, nor what your political background is.

The Department of Public Enterprises has absolutely zero power to hold our entities to account. The boards do as they please; unions play the Minister like the fiddle that Nero played while Rome burnt. The situation is unfixable.

Quite simply my friend, the cow has run out of milk, the goose has laid the last golden egg; the fiscus is collapsing under the weight of corruption and mismanagement. It is hard to imagine that in the year 2019, in a country as fiscally unstable as ours, we still have a government who dares to justify the blatant theft of South African money.

The most frustrating part of it all is, we actually, really do have the power to completely turn the South African economy around, but, because of the ANC factional battles, because of a sheer lack of guts and determination, because of a fear of retribution, the government lets the criminals win and the South Africans remain poorer, locked in a cycle of poverty and the situation becomes ever more dire.

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It's time to put the South Africa people first. Political factionalism in the governing party is literally killing our country day by day. Let us be the Parliament that does the right thing. Let us be the ones who stand up to the looters and criminals. Let us be the ones who are what we intended to be, the custodians of the South African coffers and the defenders of our people. [Applause.]

Inkosi E M BUTHELEZI: Hon Chairperson, Minister and colleagues, allow me to thank the hon President and the Minister for their commitment and political will to turn the things around from the previous administration.

In the past, Ministers defended the rot and attacked members of this house when they were raising issues. The role of this department is to drive investment, productivity and transformation in our state-owned entities, SOEs, to unlock growth, drive industrialisation, create jobs and develop skills.

The success of our SOEs in driving economic growth is critical, yet, this has not quite been the case in the past. Instead, this department is truly the definitive poster child of this government in respect of grand corruption, kleptocracy, nepotism, and cadre

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deployment. The crippling of our SOEs has played a major role in the country's drop in international credit ratings.

In fact, it can be easily argued that the last decade in the history of this department was spent building nothing more than patronage networks through the misappropriation of public funds and elites aligning their own pockets.

While we trust that the Minister has the will and expertise to address the failing state of our SOEs, but the question remains. Will the hon Minister have the support from the ANC in cleaning up each SOE from within? That is the question we are asking.

The various challenges faced by SOEs are internal and includes weak, inexperienced and incompetent leadership, which can affect our entities strategically, operationally and financially.

Electricity Supply Commission, Eskom, continues to fail all our people, not only by failing to keep the lights on in the country but it also charges more for poor service through its continual tariff hikes affecting the poorest of the poor.

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What is of grave concern is the fact that the government departments, municipalities and cities owe Eskom billions of rands it is unacceptable that these bills have remained unpaid for years, but more importantly, this self-sabotage must be rooted out.

On South African Airways, SAA, another entity of perennial bailouts, staffing issues and dubious senior management appointments, we note many similarities. It is all internal. Is it not time that we cut our losses and consider a public private partnership in this SOEs?

Just two weeks ago Denel had to request a R2,8 billion bailout and could not pay staff salaries in full at the end of June. What does it do for staff morale? What does it say about the competency of senior financial management in this entity? Staff retention is affected due to instability. Who can work for a company when things are unstable internally?

Furthermore, when we talk about Denel, we are not just talking about any company, but one which is part of ensuring the safety and security of our country. If Denel is left to fail, this may pose a risk in future for the sustainability of our national security.

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A line must be drawn in the sand, which clearly states and demarcates this far and no further. Corruption must be thoroughly investigated and competently prosecuted at all state-owned entities.

The fact of the matter remains, South Africans can no longer afford to pay more for SOEs who do not fulfil their mandate and do not add any value in as far as this is concerned.

If we look at the strategic objective of all our entities which is economic transformation, there is absolutely no progress in this regard. When it comes to job creation, instead of creating jobs, SOEs can't even manage to retain jobs.

When it comes to building a capable and ethical state? We've got rot that is embodied from within that undermines the very objective. A better Africa and world, how is this even possible when we are currently on our knees?

This is the reality that we face. This department is an enemy of its own and it is counterproductive if it fails to deliver on its own key performance indicators.

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However, in our commitment as the IFP to work in the best interest of people of South Africa, the IFP oppose this Budget. I thank you.

Mr W W WESSELS: House Chair, what we saw here today is absolutely disgraceful and hon Minister through you House Chair, we respect you and we stand behind you in your fight against those who looted and who captured the limited resources of our beautiful country.

We want to tell you that don't stop your fight. Don't be intimidated. Don't be held at ransom by those as we saw here tonight who wants to protect themselves. On that point I wonder whether hon Malema is here tonight but if we look at fascism and the history thereof, you also didn't see Hitler anywhere near the trenches over guest chambers.

The hon Malema is most probably sitting in Camps Bay while his troops must protect him. To say though SOEs and our fiscus and so doing our economy, we need the political will to address the problems and to actually get our SOEs back on track. To act against those who transgressed, those who looted and those who stole, but also to prevent it from happening ever again.

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You can't also be held at ransom by the alliance partners of your own party. The trade unions can't also be allowed to hold you ransom, not to take decisive action and to actually take bold steps needed to get our SOEs profitable.

Let's compare some of our SOEs to a former wholly state-owned entity Telkom, which is now partially state-owned by 40,5% and is now profitable. The latest financial results show profit after tax of Telkom rose by 11,5%. They also paid in taxes R1,2 billion and R750 million in dividends to government. Then you compare it to SAA and Electricity Supply Commission, Eskom. SAA needs R22 billion for the next three years from our fiscus and Eskom requires R69 billion.

The turnaround for Telkom however didn't happen overnight and that we know, but we need to start somewhere. The trade unions are stopping government from actually doing what is necessary. Also don't be held ransom by ideology. Let's take the steps to save our economy and our fiscus and actually act in the best interest of all South Africans.

Let me also say and take this opportunity to reflect on today. Today is a bad day after what happened here, but it is also a good day.

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One hundred and nineteen years ago, today, there was the battle at Silicon's Neck ...

Afrikaans:

By daardie veldslag is die Engelse oorwin. Dit is 'n baie belangrike stap in die stryd teen kolonialisme. Dit is 'n stryd wat baie jare geduur het, maar 'n belangrike stap. Vandag is ook belangrik, want gister het iets baie belangrik gebeur. Gister is die tendens wat op 8 Mei geskiet het, waar kiesers hulle vertroue in die VF Plus gesit het, voortgesit toe die VF Plus met 'n geweldige meerderheid die DA in Wyk 30 in Stilfontein gewen het.

English:

Not seven votes. We had more votes than all four other parties who contested together so don't continue with your lies. The voters out there see that there is an alternative. That there are alternative policies which can save South Africa and our SOEs and those voters Mafcity (Mafikeng), Matlosana, in the North West yesterday put their confidence in the FF Plus. That brave war will continue. It will continue towards 2021 and we are saying to the ANC, we will be the opposition that you actually require. We actually oppose your policies.

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We don't only want to win you but we want to oppose and actually work together with you as well to better South Africa in the interest of all South Africans, not only [Inaudible.] but in the interest of all South African and that is what we need.

We need cooperation. We need to us South African all be proud of our SOEs and be proud of our government's departments. We need to take a stance all of us as South Africans against corruption and the looting, but also against what happened here this evening. Against those who want to act lawless and we must take a stand to the best of all South Africans. I thank you. [Time expired.]

The DEPUTY MINISTER OF PUBLIC ENTERPRISES (Mr G P Masualle): Hon Chairperson, hon Minister Pravin Gordhan members, chairpersons of the boards of state owned companies, SOCs, as well as their executives, guests ladies and gentlemen good afternoon, in the gallery, good afternoon, firstly, I wish to enlist my voice in expressing disgust at the deplorable scenes we have witnessed here at the start of the session.

I am most confident that many peace loving South Africans out there who want peace, prosperity and progress are enraged at witnessing some of those occurrences in this Parliament of theirs. The

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expression of their collective power. I have no doubt in the ability of Parliament to ensure that its dignity and standing is protected as well as restored in the face of the people who are yearning for this institution to do what is good for them.

Participating in this debate I wish also just to say, we have been recently to elections and overwhelmingly our people showed their support to the various political parties here. Of course, they also gave the ANC the responsibility to lead governance. In that respect, we have a duty to respond to the cries of our people. We are not going to come here and cry like others, raise our hands in hopelessness. We have got to make sure that we bring fourth the changes that our people aspire. In this respect, the President has in his state of the nation address, Sona, asked of us all to buy into a vision. A vision for this country, a vision that looks beyond the perils and challenges of today, a vision in which we have a sense of view solutions to the problems that we are currently facing. That vision imagines South Africa as a country that has embraced the fourth industrial revolution and in many instances that is exemplary to the world. In that vision, I also imagine that we would see our SOCs, being agile companies, effective businesses that deliver reliable services to the country.

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The South African Airways, SAA, that is a beacon of our national air carriers, self sufficient and working efficiently in a united, pan African led air travel ecosystem that competes well in the global air travel space. That vision is not a new one in fact, it is a reimagination of what we once were and could be again. Our SOCs have been plagued by many challenges as have been outlined. This, if left unabated will surely result in their collapse and failure.

It is true that corruption and maleficents has crippled - not only our SOCs but our country as whole. It has tarnished the good standing that some of our SOCs held in the world and brought some of them nearly to their knees. However, we cannot allow this to render us to a failed state.

As the government and the department, resolute behind the leadership of Minister Gordhan we are determined to root of this out at all levels. We are addressing the structural challenges facing our state-owned companies and are taking tangible steps to diversify their service and product offering. They must be market agile and fit for purpose. The interventions we implement must be efficient. It must bring efficient solutions and safeguard the interest of all our people in ensuring that the services are provided in a cost-effective manner.

Specific to the SAA, as the Minister has so indicated in his introduction, we are making a number of interventions in that respect but, we have a concrete reality in which we have got to comprehend with. The reality of our domestic aviation environment is that it is effectively deregulated and therefore robustly competitive. International aviation - although somewhat regulated through a bilateral air agreement system is also by enlarge free and competitive. If our airline assets are to effectively compete and survive in this environment, with a minimal drain on the fiscus, it is imperative that they be turned around and be made fit for purpose.

In this respect, our board in will be working in urgency to address the decline of the airline and its ancillary businesses. This must be founded upon appointment of a world class executive leadership team with credible aviation experience.

As I had indicated, we will not let our SOC's fail. We are committed to ensure they serve and support the national development agenda.

However, having said that the airline must undergo a rigorous and substantial process of reducing costs, improving efficiencies as well as strengthening its operations.

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A comprehensive review of its domestic, regional and international routes will be undertaken to minimize losses. None core assets which currently distract the management from attending to its core activities, need to be relooked at and possible disposed of, those that could not be profitable used by the institutions.

We must stress that our SOC's that are working within limited budget framework. We have got to look at the diversity of injections financially so that the fiscus is not exerted unnecessarily.

Hon Chair, time is not on my side, I must try and run very fast. I also have to attend to a few things that have been stated here. In this way, we do want to work collaborately as the President has said because the challenges we face belong to all of us and we must work hand in hand to solve them. It's not only for the department, it's not only for the SOC's, the boards, it is also for all in those entities, labour as well as the private sector. We have got to collaborate to find solutions to some of these difficult questions for which we have begun taking measures in that respect.

Regarding Denel, I want to say summarily it's not that doom and gloom. Yes, there are immediate challenges but certainly, there is also a pipe line of opportunities that properly followed, that

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institution is poised to change for the better forever and it is possible for the collaborations that one is talking to.

The hon members that spoke before me here particularly, the longest serving member in the portfolio committee in which I attended hon Mazzone, we do appreciate the working collaborations, the views, the inputs from all of us given the nature of the challenges we have. I have heard you and you have repeated that you have corresponded with the Ministry in respect of a request or a proposal that there be a convened or be undertaken another comprehensive review of these SOC's.

If I listen to you, you also say that there has been many of these reviews that has been done and indeed, there seems not to be action, I don't know how different it is going back again doing back again to doing the same thing. I think what we need to be doing is to take forward the work of the Presidential Review Commission. All of us work to make sure that it is successfully implemented and in that respect measures have already been undertaken. The SOC Council has been instituted, we will be coming back to the committee to report progress in respect of the interventions so desired as mapped out from that SOC's Council, as led by the hon President.

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That the department need not to exist is not different from those who come here to disrupt proceedings. It just works in the same way but from different angles. I think we must really desist from that. Let's in constructive way, work to building to take forward some of these than simple just hopelessness and destructiveness in that sense.

I also take the point... In fact, it is completely without justice to say when measures are in place that this government is letting scot-free those who have stolen to run away with it. Certainly, that is not true. If one looks at what has been put in place, the sort of interventions that are... It is a misstatement. Any statement that suggests that government has let scot-free those who have actually stolen from the government, it is a miss representation of facts. Let's to the measures that have been put in place.

The President has led quite a brave effort to ensure that the National Prosecution Authority, NPA, is given capacity, they are working on it. I think instead of just crying raising hands up, let's work together to get things done.

Hon Buthelezi, we really are looking to working with all South Africans including political parties in dealing with the challenges

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that we have. Certainly, we need that environment in order to see to it that the transformation we really much need can take place. Thank you very much.

Mr M G MAHLAULE: I rise on a Point of order. I did not want to disturb the speaker at the podium. I am raising a concern that hon Mileham at the gallery is tempted to hackle and he is hackling while he is sitting at the gallery which may pose some questions to us that are members in the gallery... He must come to this side.

The HOUSE CHAIRPERSON (Ms M G Boroto): Please refrain from doing that. Thank you very much. There are seats available hon Mileham. Ok. There were no seats available but we now have seats available.

Ms J C N MKHWANAZI: Hon Chairperson, Minister, Deputy Minister, hon members, hon guests and the entire Mzansi Africa, good evening, as we debate this budget, we must be bold, have clear vision and ethical leadership, guided by the ANC policies and the mandate given to us by the millions of South Africans. We must not dare to fail and betray them. Hon Chair, we must not lose focus on the vital role of state-owned companies in generating inclusive growth, providing efficient and cost effective network services and deliver public services to both those who can pay and those who cannot.

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Hon Chair, we have a responsibility to restore them to be able to perform their mandate to the best capacity and to encourage significant new investment in our economy with the aim of achieving sustained inclusive growth, and transforming our economy. Hon Chairperson, just to remind us because there are so many howling and misguided concepts out regarding Eskom, the mandate that was given to Eskom is to generate, transmit and redistribute electricity to industrial, mining, commercial, agriculture and residential customers and redistributors. To improve the quality of the country's infrastructure will ensure a reliable and cost effective electricity supply, to its mission and development of economic growth and to deliver on the ANC-led government mandate on its commitment to advance skills development, especially to our young people. Hon Chair, we are noting the challenges facing Eskom, as the hon Minister put it very well on the state of the nation address, Sona, debate 25 of June 2019 I quote:

A democracy that continues to build on the achievements and successes of the past 25 years; while having the humility to admit the weakness and mistakes of the past.

Yes, we all agree that Eskom is experiencing severe financial, operational and governance challenges and has impacted on the

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performance of the economy and placed pressure on our fiscus. The escalation of the municipality bill and Soweto debt plays a huge impact in terms of Eskom cash flow and its growing at R1 billion a month, owing to the difficult economic conditions ...

IsiZulu:

... abantu bakithi abahlala ngaphansi kwazo ...

English:

... and the rampant culture of nonpayment in the country. However, we encourage the Eskom programme and all the stakeholders, including the government departments in dealing with the effectiveness and efficiency on the services given to our people and also working with all the relevant stakeholders to encourage those who can pay to pay for the services. Structurally Eskom lacks transparency regarding costs and allocation of resources, making it difficult to understand its own competitive advantages. Cost overruns and poor performance of the build programs have been observed and the Minister has alluded to that. Medupi and Kusile have suffered a massive delays and cost overruns due to poor planning, poor engineering designs and poor procurement practices that led to systemic corruption has compromised the credibility of Eskom.

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Hon Chairperson, guided by the ANC 54th National Resolution 23 that set on the firm action required to improve government and performance of state-owned companies. The lesson learned is clear; for growth, we need a reliable and sustainable supply of electricity. We are on our path to recovery and we note with great hope, hon Chair, the appointment of a new Eskom Board. We find both joy and encouragement from the passion, commitment and excellence among the thousand of South Africans, who really want to make this entity work, not the howlers but the doers, as the President alluded in the Sona.

Amongst other challenges that the Board is addressing currently is readily availability of installed capacity, electricity availability, focus of power stations, ensuring timeous maintenance and quality of work to be delivered to our people. We are not here for the beauty contest, but we are here to make sure that we deliver quality services to our people. [Applause.]

The progress that is made by the Board in installing culture of effectiveness and transparent governance confirming number of fraud and irregularity cases is exciting, as the Minister was reporting on those cases. Those who don't listen, it's not our baby. We are continuing. [Siyaqhuba.] ... [Time expired.]

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Mr A M SHAIK EMAM: House Chair, I have been running from one House to the other. So, there is a delay on that side as well. At the very outset, let me welcome the report of the Department of Public Enterprises and the NFP will support the report tabled here.

[Applause.] Minister, I want to congratulate you on the stance that you are taking. Yes, indeed, I do agree with you that if you want to stop corruption and fraud, then, of course, you have more enemies. When you do the wrong things you have more friends and when you do the right things you have more enemies. So, I congratulate you on the stance that nothing will deter you from ensuring that we live in the society free of any corruption.

Minister, I have previously, on numerous occasions asked: What is the real challenge that we have when a state-owned entity run by the government we have a problem? But when it is in the hands of the private sector, then it is managed and it is profitable. I know one of the reasons and what we have identified was the fact that there has been interference by government officials. There is water private sector and there has been corruption - a whole lot of it. My understanding is this: Would it not be easier and more successful if it had independent management with no interference at all from all of us? So that it is run as a business, it's profitable but also

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provides the services created in terms of its mandate - that is the first thing.

The second problem I have is with SA Airways, SAA. Now Minister SAA came and did their briefing even at the Appropriation Committee wanting an extra amount of about R23 billion or so. You and I understand in terms of business that if you need R23 billion to solve your problems and become even, and start becoming profitable, and if you give somebody in titbit R2 billion, R3 billion and R1 billion it's not going to work. The chief executive officer, CEO, had expressed concern on numerous occasions and I am not surprised that he has resigned. It looked like he was now being set for failure because he was not getting the tools to be able to turn SAA around.

SAA itself is not only the problem if you look at some of the challenges it faces in terms of the rules. You have other airlines and this is where the aviation industry comes in. You give in the rules to other airlines and you expect your own airline to make one. Some would argue and say what about competition. Surely, you need to put the needs of your own people and your country first. You are giving rules, even some of the international airlines are flying where previously our own airline used to transport them from OR

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Tambo to Cape Town. That's basically another challenge that we are not addressing. Yet, we expect the SAA to make a turnaround.

I must commend you on the issue of Eskom for the intervention that you put into, Minister. The NFP supports ... [Time expired.]

Mr S N SWART: Chairperson, referring to hon Minister, the ACDP fully appreciates the severe challenges the state-owned companies, SOCs, present, not only to the fiscus but to the economy as a whole. We saw 3,2% contraction in gross domestic product, GDP, for the first quarter of the year, which many attribute to Eskom's load shedding. We were given the impression that the massive amount the Treasury set aside each year for 10 years R230 billion would be enough of a bailout for Eskom. Now it appears that this may be insufficient and that Eskom may need more than the first year year's allocation of R23 billion. This is deeply disturbing. We, as parliamentarians, need to exercise our oversight over any proposed bailout unless we will do when the Special Appropriation Bill is introduced.

Now Minister having served on the Eskom oversight inquiry in the last Parliament, with a number of members here like hon Mazzone, we have some idea of the looting that took place. However, the further evidence before the Zondo Commission has given an indication of the

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far greater severity of state capture and corruption that occurred at the SOCs.

In this regard, we are however pleased that there has been some recovery and well done to Eskom for the recovery of almost R1 billion, which was repaid by McKinsey - mainly at our encouragement to go after that money and then of course, the R600 million that was recovered from Trillian through a court process. So much more needs to be done in this regard and those that had been involved must not only pay back the money but they must be arrested and charged. I have long said we don't have to wait for the Zondo Commission and another member said we don't have to wait for it. Let us go after those that are involved in state capture.

Now if one also considers the role of certain compromised companies. That must also be considered. The role of Trillian, Tegeta, and McKinsey as well as the role of Bain and KPMG played in the hollowing out of the SA Revenue Service, Sars, these private entities must also be held accountable. The question is as it is indicated Minister whether a ... I think these were your words "hurried apology and the repayment of fees is sufficient." We think not, I mean considering the damage done to the country.

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Of course, I also serve on the Justice Committee and we did receive an update from the National prosecuting Authority, NPA, boss, Adv Shamila Batohi, and the new head of the Investigative Directorate, Adv Cronje. They are investigating. Progress is being made, but clearly, there are budget constraints in that regard. These are complex matters. Forensics' are very complex and requiring a lot of funding. In addition, both the Asset Forfeiture and Special Investigation Unit are making progress and we welcome the Special Tribunal which will expedite civil claims to recover ill gotten games expeditiously.

Chairperson, I have also long argued that those units need to have their budgets increased substantially so that they can quickly recover the ill gotten games. Minister just lastly, the extent of the pushback of the reformist agenda and holding to account all those implicated in state capture is evident - no more so than today - with the disgraceful conduct that we saw in this House. We in the ACDP condemn it in the strongest possible terms and we agree that what we witnessed was indeed a defence of state capture.

Minister, you served with us on Eskom Inquiry. I said then as I say today, we, including you, Minister, as you said earlier will not be intimidated. We will stand resolute and determined to expose

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corruption and state capture and to hold those involved accountable. May I add in conclusion that as we stand firmly "no weapon that is formed against us shall prosper." Thank you. [Applause.]

Mr N L S KWANKWA: Hon members, despite numerous attempts... I beg your pardon, I should start at the beginning and say, the problem that we have here is that, lawlessness begets lawlessness. This degeneration where we do not respect Parliamentary Rules and conveyances has been allowed to take place overtime, over an extended period of time. Some of us even got the reputation of being condemners, if there is any such word, where we would stand up in the House and condemn. Every time when something wrong happens, we condemn

The issue here Minister Gordhan, I understand the political dynamics around this issue and we condemn it. Parliament must enforce its own rules without fear or favour. That is the important starting point so that we can deal with those people who do not want to respect this institution and so that we can bring back the decorum and the respect of this institution because when if it loses credibility, then we are all doomed as South Africa.

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Despite numerous attempts, bailouts and interventions by government to restore good governance and stabilise state-owned enterprises, South Africa's SOEs continue to face or pose rather a serious risk to the fiscus of our country. Therefore, the need for the reconfiguration of some of the SOEs is very important. We want to focus on Eskom in particular because of the systematic risk Eskom poses to the South African economy for obvious reasons. We are not going to restate them.

House Chair, we want to particularly talk about the proposed debt-equity swap for Eskom by the Public Investment Corporation, PIC, which will, without a doubt, improve Eskom's balance sheet and will give the entity some financial room to manoeuvre. However, this should not be done without first addressing the underlying structural and governance challenges facing Eskom. In other words, Mr Minister if we were to give money to Eskom via the debt-equity swap, one might ask as to why we call it giving them money, when it is a debt-equity swap. They will not be servicing any debt. Through the special appropriations Bill announced by President Ramaphosa during the June state of the nation address, without first addressing these challenges, is tantamount to throwing money into a bottomless pit.

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Minister, whenever we walk around the country interacting with South Africans, South Africans are asking and they want intricate detail how government intends to unbundle Eskom and the effect of such a strategy on Eskom and electricity generation. This is a question that ordinary members of the public want an answer to and with all the platitudes we have had so far, and all the confusion that has been created, they are concerned about their future including the workers. We support the Board Performance Evaluation Framework for SOEs, because we believe it is a step in the right direction, we support it and we hope that it is going to be prioritised. As we deal with Eskom Mr Minister, we need to deal with the municipal debt which is piling up, and deal precisely with what you prefer to term as: "Soweto exceptionalism". All municipalities, including Soweto need to pay up so that we can improve the cash flow of Eskom. The hypocrisy actually starts with us politicians, when we want votes; we go there and encourage people not to pay up. After elections, we then say to them they need to pay up. It is disheartening. I was listening to an interview when some of the people from Soweto were saying, no I can only afford to pay two rand, I can only afford to pay five rand, making a mockery of attempts of get people to encourage them ...

IsiXhosa:

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... ukuba babhatale. Sithi aba xa sisiya kweza ngingqi zovoto ...
Andikutsho ukuba la masela. [Kwahlekwa].

Ms D D DLAMINI: Hon Minister Hon Deputy Minister Directors Hon members The ANC's 54th National Conference resolved that the main purpose of our SOEs is to operationalise the broad socioeconomic development plan of government. Transnet is one of the seven state owned enterprises under the Department of Public Enterprises. It operates South Africa's ports, freights and pipeline infrastructure. The essential of its core function is to assist in lowering the cost of doing business in South Africa. The corruption, state capture, misallocation of resources, weakening of leadership and the breakdown of control systems has had an adverse impact on the performance of the entity. These challenges have not gone unattended. The ANC government is committed to turning the situation around with our SOEs. The urgency of the situation is expressed by the ANC when it acknowledged and resolved that firm action is indeed required to improve the governance and performance of SOEs. The ANC did not just allude to the problem but also resolved in the same breath that the problem can be solved by ensuring the appointment of skilled staff and qualified board members and protecting public institutions from improper interference.

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Hon Chair, I am happy to report that the Department of Public Enterprises has already put its turnaround strategy for Transnet in motion. Acting in accordance with the President's call, for the strengthening of the SOEs in order to ensure that, these SOEs fulfil their developmental mandate. The ANC-led government appointed new board of directors in May 2018. This board commitment is achieving certain and calculable economic and developmental goals set by the Department of Public Enterprises.

One can begin and explain that the importance of this entity and its socioeconomic impact of this entity is a big contributor for skills development through its various divisions. Through its outreach programme, namely the health care trains, Transnet has provided primary health care services in the rural communities along Transnet's strategic corridors. In the last financial year more than 400 000 lives were touched by this entity. This is what our... The two trains through their clinics provided General health and education, dental, eye, and pharmacy services. Transnet has remained financially sustainable since its inception. The last time any guarantees were issued was in 1999, these will expire in 2029.

This budget is important because it has allocated funds to allow for the proper implementation of the department's turnaround strategy.

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The allocation for programme 2 and 3 give the department capacity to perform its oversight function and turn the situation around.

For the first time in many years Transnet received a qualified audit opinion for the 2017/18 financial year. The opinion was based on the fact that the auditors could not verify the Transnet's irregular expenditure, which increased from R692 million in 2016/17. Minister, this must be attended to as a matter of urgency and a report to the committee be given to prove progress in this regard. We note that performance in port operations improved by 6% from 4396 twenty-foot equivalent units in 2016/17 to 4664 in 2017/18. In the same vein we equally note the pipeline volume decreased by 3.9%, from 16.9 billion litres due to a two-month closure of the fuel. [Time expired]. The ANC Supports the budget.

Mr S N GUMEDE: House Chair, Minister and Deputy Minister, members of the portfolio committee. Chair, all others members present here as well as members of the boards and the community at large. I am tempted here, I prepared a speech but I feel interested that most of the things I would have covered have been covered. I want to respond to some of the things that have been raised here.

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I have got a feeling that we are not honest to ourselves. We need to give credit where it is due. I think I have been here for only three months, I have seen the strives, that this committee has in fact made. It will be unfair that, this committee or perhaps the SOEs must be abolished because they are not doing anything. It is an attempt if we say we are in government, everyone is included. There is no one who is really excluded in this manner.

Let me take you back to what I have just coined that we have what we call, SOEs road to stability. It is my own coinage and I hope it will work. I am taking the President's saying in 2018: "Minister, I am giving you a directive that says, you must go and restore the SOEs", that was in 2018. In 2019 the President said to the Minister, "Now you have managed to restore those SOEs, now I want you as essential, strengthen those SOEs" I am today speaking in front of you, with the achievements that the boards as well as the department have really achieved. There are boards that are in place. Today there are CEOs that have been appointed. Those are all achievements that we have gained.

It will be unfair, for instance if I may talk to, because my task was to talk about Denel. The R2,8 billion that has been requested Denel is the fact that we give oversight to Denel. In fact if Denel

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is short of money, the first point of call is us. They will have to come to us and talk about that. I want to say that, Comrade President, after giving that he then said, you go and do this work, I am expecting that next year he will come and complete the road to the SOEs.

There are achievements that many of these have been done I have the appointment of the new board members, I have the CEOs that have been appointed. I have got companies that the boards are re-negotiating some contracts. I have to avoid termination of the staff. They are entering into negotiations with the severance package. Importantly, there is a pipe line of about R30 billion that the company Denel is likely to get once they are flying high. I must say that it will be unfair... I thought jointly we are in a position to say, we work together and make sure that we achieve what we want to achieve.

Minister you have raised something that says, there is R600 million that will have to be recovered. May I add something out of that R600 million. I am not sure whether it is relevant to raise it at this stage. Is it possible that all those people who are implicated and there is a potential that they may end up being convicted, their bank accounts be frozen. I support the budget.

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Ms C M PHIRI: Hon House Chairperson, hon Minister, Deputy Minister, hon members of the portfolio committee, board members of the state-owned enterprises, SOEs, distinguish guests, ladies and gentlemen, and all protocol observed.

Sepedi:

Modulasetulo wa Ngwako, ntumelele ke bolele le setšhaba sa Afrika-Borwa ka bophara ke re re le mokgatlo wa badimo le batho, go na le setsopolwa se se rego ...

English:

... "Denying the truth doesn't change the facts."

Sepedi:

Se sengwe setsopolwa se re ...

English:

... "Denial is the worst kind of lie because it is the lie you tell yourself."

Sepedi:

Re le mokgatlo wa ANC ...

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English:

... we will not deny the fact that SA Airways, SAA, and SA Express have serious problems, because if we do that, we would be telling ourselves a lie, as the Minister and the Deputy Minister has already alluded. But again, focusing on the problems does not yield solutions. It in fact leads to depression. As the ANC, we are going to avoid this depression. I choose to focus on the solutions and goals that would help the SOEs to get back to their profitability rather than their problems.

One of these solutions is contained in the SAA's long-term turnaround strategy that was presented early in February this year. Progress was made with route optimisation and cost-efficiencies, as the Minister has alluded in his address. According to this strategy, the airlines will create three business units focusing on domestic, international, and regional operations. They will share services such as finance, human resources, commercial and legal and each will answer to the SAA board.

The long-term plan includes four phases: Arresting the problems; implementing changes; stabilising operations and growing the business. Already in October last year, Deon Fredericks was appointed as the interim chief financial officer on secondment from

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Telkom. He spent his first three months at SAA focused primarily on its cash flow challenges and there are some positive improvements shown to date, as the hon member from the other party alluded when he said it has a potential, and we need to protect it. Hon Minister, as much as we have seen in the record shown that there is improvement to date, we recommend that skilled and professional public servants should remain in their work stations in order to thrive and contribute in a very high level of work.

Also, the airline recently secured a loan that amounts to R3,5 billion from local lenders to help pay the R9,2 billion legacy debt. The mere fact that private lenders are able to lend SAA some money means that they also believe in the viability of the entity. So we also need to be optimistic and support SAA. Their travel experience is good and all of us as members of this House, we travel with SAA and we are very happy with the service. SAA needs support from all stakeholders of course. There is no doubt that Parliament is one of these stakeholders and we should assist SAA through proactive oversight and ensure that the strategy is implemented.

The government is also playing its part, as our President Cyril Ramaphosa recently met with chief executives of 20 state-owned companies, including SAA and SA Express to discuss the challenges

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plaguing state-owned enterprises. These CEOs were given clear marching orders by the President and they have pledged their commitments to ensure that these SOEs are turned around. These are some of the facts that we cannot deny and they show us that there is still a reason to keep SAA, including SA Express and Mango on the asset books of government. As such we are in support of the government bailing out the entities, with conditions of course. We do understand why this was not done in this current budget.

In conclusion, as the ANC we really support this Budget Vote. [Time expired.] We call on the Minister to speed up the consolidation of the airlines. Thank you, Chair.

Mr E J MARAIS: Hon House Chairperson, the National Development Plan aims to eliminate poverty and reduce inequality by 2030. To achieve that, the economy must grow faster and in ways that benefits all South Africans. The DA is particularly concerned about the welfare of young people who have borne the brunt of an underperforming economy. Their circumstances will not change unless deliberate policy steps are taken to offer them better educational and economic opportunities, underpinned by sustained investment in the economy. To achieve this, reform should be the byword informing all our actions. Hon Minister, the Department of Public Enterprises should

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move with haste to stabilise and revitalise state-owned entities, SOEs, through a review of board appointments, barring board members from procurement decisions and adopting a no-nonsense approach to corruption and possible privatisation.

At this point, let me take the opportunity to congratulate members of the Portfolio Committee on Public Enterprises in the Fifth Parliament for their sterling work in addressing state capture and corruption. I am sure I speak the mind of my fellow committee members when I say that we are all looking forward to the outcomes of the Zondo Commission. State-Owned Enterprises remain key drivers of investment in infrastructure development and as such, there should be an acceleration of investments in key infrastructure such as rail and energy. This will ensure that we increase the proportion of people with access to the electricity grid to 90% by 2030, while encouraging nongrid options to those who can afford it.

I am encouraged by the increased gas exploration projects on our shores. An increase in liquefied natural gas will help diversify our energy mix and accelerate job creation in the energy sector. With careful planning we can accelerate our gas-to-power projects to produce at least 20 000 megawatts of renewable energy in the next 10 years.

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We must seriously consider ring-fencing the electricity economy of the 12 largest municipalities, resolve maintenance and refurbishments backlogs and develop financing plans alongside investment in human capital. In order to ensure reliable supply of coal for our existing power stations, an industry compact must be entered into, underpinned by comprehensive coal fields planning. On its part, Eskom should implement its coal strategy which includes considering reinvestment in cost-plus mines to reduce the spend on coal and ensure security of supply.

Afrikaans:

Eskom skuld tans R440 miljard en genereer nie genoeg inkomste om sy skuld of rente daarop te betaal nie. Wanbestuur en wanbesteding was aan die orde van die dag, soos telkemale aan die lig gekom het by die Zondo Kommissie van Onderzoek.

Alhoewel die prys van krag jaarliks steeds bly styg, kan Eskom nie sy lopende koste uit die verkoop van krag verhaal nie. Verder is Eskom se werksmag ver te groot en moet verklein word. Verdere reddingsboeië vanaf die staat aan Eskom is nie volhoubaar nie en plaas die staat se finansies onder geweldige druk.

English:

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The department and the Portfolio Committee on Public Enterprises must monitor Transnet capital plans and implementation of commitments made on the Port of Saldanha; provide oversight on the efficiency of South African ports and commitment on the Port of Durban; provide oversight on the financial sustainability of Denel; find a lasting solution for the rising municipal debt for electricity to Eskom and quarterly site visits on SOEs major infrastructure programmes. The performance of SOEs over the last few years has been questionable, with deterioration in corporate governance for entities such as Eskom, SA Express and Denel.

The Sixth Parliament should consider investigations into Denel and Transnet as suggested by the Eskom Inquiry report monitor and provide oversight on recommendations to be made by State Capture Commission led by Deputy Chief Justice Raymond Zondo. The report into investigations on the Eskom Inquiry and recommendations from the State Capture Inquiry should be followed up in conjunction with the Portfolio Committee on Justice and Constitutional Development and the Portfolio Committee on Police. I thank you.

Ms J TSHABALALA: Hon Chairperson, hon members of the portfolio committee, hon chairperson of the portfolio committee, hon Minister, hon Deputy Minister, guests in the gallery and fellow South Africans

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at home who are watching, I am reluctant to even start with my speech because the proceedings of today in this august House are really disturbing in relation to what we have witnessed. I will come to that; let me stick to my speech so that emotions don't get the best of me.

The former chief of Eskom, Ian McGray tells a personal anecdote about a discussion he had over lunch in the dying days of apartheid with a struggle icon and our father of the democratic South African nation, Tata Nelson Mandela. McGray asked, "When you take office, what are you going to do with Eskom?" Madiba gave him a simple answer, "Nothing, as long as it continues to produce cheap electricity and connect more black South Africans to the grid."

I am relating this story because I want us, as we commemorate the Mandela Month, to never lose sight of the purpose of assuming political office, which is to serve the people. Those paid to work for the people in Parliament have a tendency to stage walkouts. Today, they outmastered themselves. In fact, they resorted to confrontation. Those are members of the EFF!

They need to fulfil their constitutional obligation to account to this House. They must answer to their constituencies. Parliament is

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not a platform for theatrics; this is the National Assembly where people exercise their power. The current state of some of our state-owned entities would have disappointed the generation of Madiba. However, if we cast our eyes merely on a year ago, there is a reason to have hope.

In May 2018, when Parliament conceded its Budget Vote, most of our state-owned companies were under a cloud of allegations of corruption of state capture. We are now witnessing a Beltinger-style fight back campaign. Its primary target is within Minister Pravin Gordhan who finds himself trending almost every week on *Twitter*, based on all manners of allegations. Clearly, this portfolio is not for the fainthearted. Hon Mazzone, we are live to the task!

Hon Minister, we dare not fail our people to save Eskom, Denel, Alexkor, Transnet, SA Airways and other companies in this Public Enterprises portfolio. We would have failed the generation of our freedom fighter, and I am talking about the red berets - red freedom fighters ...

Sesotho:

E feta fela!

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English:

I am talking about real freedom fighters. We dare not be distracted from our historic mission to save the people by those who resort to sultry and underhanded tactics - those who employ faceless balls to throw our leadership on *Twitter*. Contrary to some misinformed statements on social media, all our cadres on the ANC act on the mandate of the ANC.

This hon Minister and the Deputy Minister are all acting on the mandate. The mandate says: Government must take firm action improve the governance and performance of SOEs by ensuring appointment of skilled staff and qualified board members, and protecting public institutions from improper interventions. Members of SOCs and SOEs who are here, I want you assure you: We want you to come to Parliament and account on the public office. We want to assure you on that; we are going to invite you very soon.

Hon Minister, we need governance in these SOEs. We need stability in governance. We want to also call on the Department of Public Enterprises, as of to date, that you need to look into compensation. You said it yourself that we have got acting deputy director-generals. We have got acting director-generals as we speak. This is

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not Bollywood; we want staff and we want accountability. We want stability in Public Enterprises.

I am coming to respond to hon Mazzone who tells us that we must stop this department and it must not exist. What hogwash! So, Minister, please attend to that. We need compensation that this department is underspending on. It needs to spend and ensure there is staff in it.

The EFF is firmly in the corner of the thieves of state capturers under the guise of fighting the Minister and it is time that we call them out for who they are. The DA on the other hand is still pursuing the neoliberal daydream of privatisation and selling of state assets and private firms. Neither of these agendums is genuinely seeking to do with the developmental state of Africa.

Let me go to responses; this speech is just going to waste my time. Hon Mazzone, let me respond to you now. You tell us the department must not exist. You see, that Mobil that you brought which seeks to privatise the transmission and distribution of electricity will not see the light of day. We are waiting for it; we shall meet you in the committee.

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I want to reiterate what the Deputy Minister is saying, and it is true. That statement is disruptive. We went to the committee when we were adopting a report and you said this is the best committee that has ever performed in the last -fifth - administration. Today, you tell us that this committee must cease to exist. I mean, what is that?

You tell us about ideologies and you say the ANC does not have political ideology and political background. Let us ask you: What is your political background? Neoliberalism - you will ask this too!

[Interjections.] We don't even understand what your ideology is. We don't even know who formed you, under what backlogs, and what your value system is as we speak. We don't know your identity!

[Interjections.] [Applause.]

Let us tell you about the ANC's identity. The identity is a national democratic revolution. We are building developmental state. Whether you like it or you don't, we are going to rule and we are going to govern. The state-owned entities are going to continue!

[Interjections.] Let us ask you about the former Mayor Msimang's allegations of GladAfrica - the one that you removed and took to Gauteng. [Interjections.]

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And, you failed also to answer to the people of Tshwane about this marriage of yours with the EFF that has come to fail, which you don't want to speak about. Tell the people of South Africa what this marriage of convenience you were doing is about? Right now you want to run away; you want to tell us about the state-owned entities.

I want to speak to this Mayor of Johannesburg: The people of Soweto have marched to Eskom and to the Eskom Board. We want to say to you: Can you go to the people of Soweto, make a real deal and be one with the community. Can you deal with the issue of indigents and make sure people Tladi and Moletsane get services. The ANC supports this vote. [Time expired.] [Applause.]

The MINISTER OF PUBLIC ENTERPRISES: House Chairperson, let me thank everyone for their contributions. This is just the beginning of the 6th administration and it's good to see that we are as lively as we should be, and focus on the substance of what do we do with our state owned enterprises, what kind of positive role can they play. Where we recognize that state capture has caused immense damage to reputation, structure, finances and operations of state owned enterprises. Let's focus on how do we fix them and deal with those who are fighting against the recapturing of SOEs and expose them for what they are doing.

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I also want to share the compliments that have been paid to the 5th administration portfolio committee and hopefully, and I'm sure the new portfolio committee will emulate the good work that they have done - run the enquiries into these entities if we are falling short, tell us where we are falling short, indeed tell the boards and management themselves so that we get your help to fix them.

I think we must be re-assured about the fact of the president's support with regards to fixing if you like and repositioning of SOEs, particularly the bigger ones like Eskom, Transnet, Denel, SAA or the airlines more generally, indeed Prasa as well is an absolute priority for the 6th administration and his government.

To hon Mazzone, let me say that there is a lot of room to debate whether the SOEs have a role to play in the economy or not. All I wan to do is to draw your attention to various Organization for Economic Co-operation and Development, OEDs studies as recently last year or two which shows firstly how the influence of SOEs is growing in the global economy and economies more generally.

Unidentified member [inaudible.]

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The MINISTER OF PUBLIC ENTERPRISES: If you let me continue, you will have your chance at some stage.

Secondly, in particular there are models around the world Temasec, South Subregional Economic Co-operation, SASEC, in one instance, Scandinavia another example as well. So I think, lets talk more constructively about the role SOEs can play and if they are functioning well which is our job to get them to do so, how we could make sure that they contribute in the right way to the economy more generally as all of us have spoken out.

I agree with hon Gumede that maybe we need to use title, we'll publish a book together, SOEs the road to stability, but it is not an easy road to stability it's a tough road. When an organization is infected by corruption, theft and bad culture, then it takes a long time to fix it. It might ANC people; it might be people from other parties as well. The ANC is by definition not corrupt. You can get any individual who doesn't even belong to a political organization that can be corrupt.

I think the essence is can we agree we need fight corruption? Can we agree that we do not want unnecessary bailouts for SOEs? Can we agree that we want operational efficiency in SOEs? Can we agree that

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we want financial sustainability, if we agree on all those things let's put our heads together and see how we going to get it. That's simple matter [applause.] so all we need to say is that we can all have our views about one or two departments or multiple places where this needs to be kept but atleast around area where we agree, let's find a way as a committee, ministry and as department of making sure that we do the work that is necessary.

Inkosi Buthelezi, your point about cleaning up is absolute a valid one, one that I think we all agreed to and none of us wants countenance corruption. But I think we need to go beyond just making speeches about corruption. We must have the courage of our convictions to do that which is necessary to show up the corrupt people and not fall for fake news, fake narratives that are run through all kind of digital media and other things as well.

This is a fake news world; this is the world where you can mislead thousands if not millions of people as a result of things that manufacture in some dark room somewhere with the help of some people like Bell Portinger. And if we agree that we don't want South Africa to move in that direction then it is in the national interest that we work together and put those corrupt elements wherever they might be where they belong which is in jail at the end of the day.

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That's another thing that we agree with, so if you want to create the ethical state that we speak of iNkosi, let's work together to actually do so. Do we have the political will hon Wessels, to do the things we saying? Yes, we do and we have the president's backing, and we indeed have the ANC's resolutions to back us as well. There might be some doubting Thomas's across all over the show in different parties but I can guarantee you the political will is certainly there. And you can see how some of us have to face the consequences of having to demonstrate the political will not just talk about it and make speeches about it. We will come back to that. You made an important point that is that let's work together to fight corruption and the kind of lawlessness that we saw earlier on in this House.

Hon Mkhwanazi makes an important point in distinguishing between howlers and doers, so let's spend more time doing and working together than howling because I think all of us want Eskom to work, all of us want the culture of non-payment to be overcome. And in recent times there's been several incidents of violence in Soweto for example, people resisting disconnections and so on. I think we should collectively across all the political parties if we have the national interest at heart call on the people of Soweto and those few that are involved in these activities to stop these activities,

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because this is economic sabotach at the end of the day and it undermines Eskom's good effort to begin to become financially sustainable at the end of the day. SAA is certainly a challenge so are the airlines and you can see many airlines across the world are consolidating in one way or the other, and give us a few more months to not only look at finances of the airlines but to critically examine whether there is an investment case government has and how do we go forward. What we do have a commitment from government on across previous administrations as well is to invite strategic equity partners into the SAA fold but you can only do that when SAA is in good enough health to attract a partner. So we can't have partners being attracted in the current state as we actually see it.

There are many examples around the world I think the hon Shaik Emam has actually left us where SOEs work well in their management by government works as well. Look at South Asia Subregional Economic Co-operation, Sasec, the organization that has management and control over 96 Chinese SOEs and look at their performance particularly in the last five years or so and they are judged by financial and operational indicators; and some of them are the biggest companies you will find in the fortune 100 - those of you that are familiar with that.

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Mr G K Y CACHALIA: [inaudible]

The MINISTER OF PUBLIC ENTERPRISES: Maybe we need to lock up some people too in order to get the things we want to do at the end of the day.

The MINISTER OF PUBLIC ENTERPRISES: So, hon members, what I'm saying and I concur with hon Swart as well that the time for prosecution has come, the time for putting people to the test of being in front of judge has also come, you cannot have endless exposures undertaken by investigative journalists about all sort of transactions happening and the way in which these people masks the activities is by bullying and shutting down other people in various forum.

Hon Kwankwa, there should not be any Soweto exceptionalism as I pointed out earlier on and the fact of Eskom restructuring as we said will be covered in a paper and I outlined for you, I think he's gone already, chairperson, the kind of future that we see for Eskom. And once we have that we can start debating that in this forum as well. I want to agree with hon Gumede that perhaps in addition to recovering 600 million that we see currently, there needs to be more firm action by the Asset Forfeiture Unit. Firstly, to freeze the bank accounts of people who are culpable of theft from the state but

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secondly to cease the assets that they have bought with stolen money as well; and the kind of luxurious lifestyle they lead from stolen money. Perhaps we need to have discussions with the Asset Forfeiture Unit in this particular regard to ensure that the right things happen to these people that are concerned and have been extracting public funds for their own benefit.

Hon Murray, boards have already been extracted from any involvement in procurement, you will be happy to hear. Eskom is certainly setting aside money in the current year to invest in cost-plus mines and take a u-turn in this particular regard after the bad effect of the whole optimum Gupta saga that has been through which was exposed by the committee in the first administration and certainly keep an eye in the capital expenditure at Transnet because that's where a lot of theft actually took place. So hon members, in conclusion thank you for your various contributions, thanks once again to board members and the leadership of the various SOEs and indeed the department itself which has worked under very difficult circumstances.

I want to conclude by saying that the choice that we have is either perpetual conflict or destabilisation of SOEs and institutions for perceived short interest or broader commitment to common national

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interest that makes South Africa great, and a force for good and a force for human dignity for all South Africans, thank you very much.

The mini-plenary rose at 18:58.