

South Africa's State-Owned Enterprises model is due for reform

By Erik Marais MP – DA Deputy Shadow Minister of Public Enterprises

Speaker/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 Democratic Alliance (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. Honourable Minister, the Department of Public Enterprises should move with haste to stabilise and revitalize state-owned entities (SOEs) through a review of board appointments, possible privatisation, barring board members from procurement decisions and adopting a no-nonsense approach to corruption.

At this point, chairperson, let me take this opportunity to congratulate members of the Portfolio committee on Public Enterprises in the 5th 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, we are all looking forward to the outcomes of the Zondo Commission.

SOEs 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 non-grid 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 MW of renewable energy in the next 10 years.

We must seriously consider ring-fencing the electricity economy of the 12 largest municipalities, resolve maintenance and refurbishment 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 re-investment in cost plus mines to reduce the spend on coal and ensure security of supply.

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 reeds telkemale aan die lig gekom het by die Zondo Kommissie van ondersoek.

Alhoewel die prys van krag jaariks 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 reddingsboeie vanaf die Staat aan Eskom is nie volhoubaar nie en plaas die Staat se finansies onder geweldige druk.

The Department and 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,
- Conduct 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, SAX and Denel.

The 6th 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 Committees on Justice and Constitutional Development and Police.

I thank you.