

THURSDAY, 11 JULY 2019

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:

The MINISTER OF PUBLIC ENTERPRISES: Hon House Chair, my Deputy Minister, 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 Matias?

Mr N S MATIAS: 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 MATIAS: 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. You can't sit down as there is no chair. Hon Paulsen?

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

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 MATIAS: 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: ... to raise a point of order?

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.

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 ... [Interjections.]

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.

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 ... [Interjections.] 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 listened to.

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.

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.] 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.

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 him 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? 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 a 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?

Ms R N KOMANE: The point I am rising on is the very same point that MP Matias 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 for 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.]

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): I am going to ask you to leave the House.

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

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.

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 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 from the camera footage - to the appropriate forum so that they be charged with gross disorderly conduct in terms of the Rules. We can't have this place become a battle of who can punch whom the hardest, or who can out-shout another person. We use arguments, not force, in this House. And I ask, in order to restore the dignity of this House and try to clean the stain that has been put on the floor of this House today, that appropriate action be 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 can 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 also want to agree with what the hon Steenhuisen and the hon member Radebe have just 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.

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.

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.

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. Thank you. Hon Minister, this is your time.

The MINISTER OF PUBLIC ENTERPRISES: Thank you, House Chair. Let me start again. Hon House Chair, Deputy Minister Masualle, hon members from all parties, boards, chairpersons and members of the boards of state-owned enterprises, executives that are running our state-owned enterprises and fellow South Africans, firstly, let me thank ... [Interjections.] 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 resistance to an evil system and demonstrated unrelenting courage in opposing injustice, racial oppression and economic exploitation. This should remind all

South Africans and hon members, particularly after what we have witnessed, what it means to be bold in the face of adversity and uncompromising in 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 of the SOEs that it has been charged with the responsibility for, so that their businesses are aligned with the national growth strategies arising from the National Development Plan, the Medium-Term Strategic Framework and other guiding policies of government.

Over the past 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 ordinary Members

of Parliament, whichever party they come from, to engage in such intimidating tactics? The questions you, ourselves and the public must ask are: What do they have to hide? What are they 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 fighting the good fight. [Applause.]

Many of my comrades on my right have been in detention, have been in solitary confinement, have been in prison for one reason or another and have faced the might of the apartheid state. This is something that we are not going to give in to. Let me make that 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 poor people of our country in the form of unemployment, poverty and inequality. This has had a negative impact on the government's ability to deploy SOEs in addressing our developmental objectives. Of course, the quantitative damage is immense and will only unfold over time. To date, the department has collected some 3 000 forensic reports - 3 000 forensic reports - from just 708 SOEs. So far, an estimated R600 million has been identified as collectable and due to the state. The department is collaborating with the enforcement authorities to ensure that criminal actions are reported and that civil recoveries are undertaken.

The Investigating Directorate and the National Prosecuting Authority, NPA, will fast-track investigations including from the evidence presented to the Zondo Commission. The Special Investigating Unit's 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 multimillion-rand contract unlawfully entered into between Eskom and Trillian, a Gupta-linked entity. The court was scathing about the collusion between former Eskom officials and the directors of Trillian and has ordered the company to repay almost R600 million in fees it illegally received from Eskom. Can I ask to join me in congratulating the Eskom board in this regard? [Applause.] I am sure we can do better than that. [Applause.] Of course, there are billions 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 beneficiaries of the 1 064 - what is famously referred to as the "ten sixty-four" - locomotive acquisition tender and related transactions. The Special Investigating Unit is investigating another 30 Transnet contracts, including property and IT contracts, the largest of which was worth more than R7 billion.

Recently, the Deputy Director of Public Prosecutions, Ms Hermione Cronje, said that, and I quote: "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 difficulty and will be unable - as the President pointed out several times - to trade their way out of their difficulties.

The flight of good managers and technical skills, who were chased out "by the capitalists of these institutions" has negatively impacted upon our SOEs. This has also had an impact on staff morale and work culture, especially of those who did not want to partake in corrupt activities - and, of those, I am sure they make up the vast majority in many of these entities.

In the past 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 enterprises face negative cash flows and are financing operations from debt, which has become increasingly difficult to raise.

On 23 May 2018, Cabinet approved a new permanent board for Transnet, similarly for Denel, and for 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 to take into account both now and in shaping their future business models.

The department, in turn, will have to be cognisant of this 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 past 20 or 30 years across different countries - is about to change as a result of the 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 environments, as well as on models. So, if there are fewer containers being moved around, that will have an impact on Transnet's business, for example.

The role of our department, however, 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 the 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 relook at the role of the department as a shareholder ministry and to give a lot more content and meaning to what oversight over these entities actually means. I see there is a cybercrime going on here - the timing clock has disappeared.

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 forward. Firstly, 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's Compact, the Memorandum of Incorporation and the SOE Performance Appraisal System.

Secondly, SOEs must be more aware of the positive impact that they can and should have on the economy of the country by increasing investment in the economy, crowding in private-sector investment in many of their projects and infrastructure, reducing the cost of doing business and the cost of living by reducing logistics 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-sized businesses in larger numbers and contribute to skills development in our economy and society as well. Looking into the future, the boards will be asked to review their current business models - some of them have been doing so already - and to develop models appropriate to the new conditions that are unfolding both within and outside the country. 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 the approval of government.

This will focus on governance and accountability and, as I pointed out, a conscious effort to become involved more positively in our economy and ensure that more enterprises are created, because that is what economic growth is about at the end of the day. With specific reference to some of the SOEs, Eskom, as we all know and as the President has pointed out and the board as well on many occasions, faces operational, financial and structural challenges, which are driven by massive cost and time overruns on the new build programme; some difficulties and collapse in governance over a period of time in the past; unsustainable debt levels which stand at

about R420 billion at the moment; underinvestment; 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 Appropriation Bill in Parliament in the very near future. He speaks later today, and I am sure he will give an indication to Parliament in this regard.

As far as the operational performance of Eskom is concerned, what we will be looking at in the coming months is how the different episodes of load shedding can be avoided in the future. Eskom and the department, with the assistance of the Department of Mineral Resources and Energy and National Treasury, will be producing a paper, as the President pointed out in his response to the state of the nation address debate. This paper will give insight into, 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, outline the kind of restructuring phases that Eskom will undergo as we go into the future.

Included in this will be an indication of further cost-saving measures in relation to coal costs, staffing costs and the introduction of capital efficiency. Operationally sustaining a high level of energy availability is going to be an important task that

the operations people within Eskom are required to give their attention to.

The department will also co-operate with my colleague Minister Mantashe to finalise the National Energy Regulator Amendment Act to establish a proper recourse for regulatory decisions should Eskom or any other party wish to challenge those.

In the news very much has been the Chief Restructuring Officer and careful consideration is being given to this by both ourselves and the Treasury, and, it is hoped, that sooner rather than later an announcement will be made in this regard.

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 recovery and stimulus package in 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 to realise the objectives we have set for it. The process of recruiting the new executive leadership at Transnet and at other entities is in progress as well, and we are expecting that the boards will put forward names of competent and

capable members of the executive teams to lead these entities into the future.

Transnet's operational performance can, no doubt, be improved further. Rail volumes have remained stagnant over the past Medium-Term Strategic Framework period, the MTSF period, and well below the target of 330 megatons 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.

The board and management will be set targets in the Shareholder's Compact, as will 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, let me say the following in relation to the programme 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 SAA's recapitalisation and R1,2 billion for SA Express. The allocation for the department itself was R273,9 million. The underspending of R48 million was the result of vacancies. Frankly, I didn't want to make any changes in the department pending the elections that have just occurred, so that we would have a better sense of what the President has in mind for this department. Once the 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 of 6,5%; just above inflation. The department's focus over the medium term will be largely on enhancing the capabilities of the department in performing its oversight role of the various SOEs by ensuring that the pool of highly skilled professionals is augmented, as I pointed out earlier.

Programme 1 is Administration and Corporate Management. The aim of this branch is to provide strategic management and support to the department. That, of course, includes the Ministry as well.

Programme 2 is State-Owned Companies Governance Assurance and Performance. The priorities for this programme over the year will set the goal of finally producing a government shareholder Bill that could be adopted in the next year or so, which will then create overarching legislation for SOEs under the control of government.

This will, amongst other things, address governance, SOE mandates, funding models and so on. The reform of state-owned enterprises is an ongoing process, and we will continue to review the SOE landscape emanating from the report of the Presidential Review Commission that

was reported upon earlier, roundabout 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.

Finally, there is Programme 3, which is Business Enhancement, Transformation and Industrialisation. The priorities here will be to examine, on an ongoing basis, the maintenance plans, the operational practices and electricity generation and distribution in the case of Eskom and other factors similarly in relation to other SOEs, as well as to optimise the various assets that are held in different SOEs, some of which, as I said, the Deputy Minister would address. Another factor is monitoring progress and working with Transnet in improving its cost-effectiveness and efficiency and the reliability of its freight transportation system, and achieving a modal shift from road to rail. This is something we have talked about a lot as government and as the SOEs and, indeed, as the private sector, but haven't done enough about 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. The vacancies on that board will be filled shortly. I would also like to thank the chairpersons of the various boards for their leadership and diligence under very difficult circumstances. I would like to thank the board members for

the manner in which they have applied themselves, both in managing the crises and starting to turn around, as we would say, the various entities.

I want to pay particular thanks to the outgoing 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 the least, for solving some of its financial problems, as he goes about doing that.

Finally, I wish the committee well in its deliberations and want to thank Mr Thuto Shomang, a former official from the Treasury who went into the private sector four years ago and responded to the Thuma Mina call to come to help us in the department for the past seven or eight months. He says government work is too easy; he needs to do a more difficult job in the private sector. We owe him a huge debt of gratitude for the excellent work that he has done with the department. [Applause.]

"Finally, finally," as they say in the ANC, to the members of the EFF, in case they are listening: they better adopt a different approach, because intimidation, slurring someone's integrity and casting aspersions are 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. Thank you. [Applause.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon Minister. To the hon members who are still coming to the podium, that is not just a computer. There is the colour red there. Once the red vanishes, it means your time is up. Thank you. [Interjections.]

Mr K E MAGAXA: Hon House Chairperson, Minister and Deputy Minister, all protocol observed. On 9 July 1987, young revolutionary fighter Ashley Kriel, affectionately known as the 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 a 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 the basis and minimum programme of the revolutionary alliance to combat the reality of colonialism of a special type in our country.

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 through the execution of the National Democratic Revolution, the NDR. 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. While all are equally important, I would like to raise two that are extremely significant for this portfolio, particularly in pursuit of our developmental state agenda. They are, one, economic transformation and job creation; and, two, building a capable, ethical and developmental state.

These priorities constitute the cornerstone of our agenda to reorientate our state-owned enterprises towards the attainment of a 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 full 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 enterprises 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 and the development of planning capacity, as well as ensuring symmetry 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 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 fascists 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 state-owned enterprises.

The advocates of this discredited orthodoxy do not have the interests of our people at heart, because, if they did, they would desist from advocating for the appropriation of social and

collective assets for private wealth accumulation. They advocate for giving free licence for primitive accumulation by people who only socialise the risks and losses, yet privately appropriate the gains.

Objections to the mantra of wholesale privatisation derive from, among other things, the observation by renowned scholar Naomi Chomsky when he said, and 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 maximise 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 and other state-owned enterprises are too important for our economy to be allowed to fail. We must state categorically and clearly that Eskom and all these state-owned enterprises must be stabilised and all corrupt elements weeded out in order to return to a 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 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 decay that plague our most vital state-owned enterprises. These actors are actually still resisting the work of that committee.

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

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 Zondo Commission to finish. This, we must do in the interests of restoring the credibility of the state and the revolution. For it was German Philosopher Karl Marx who once observed that, and I quote: "The philosophers have only interpreted the 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 was allocated to the department.

The HOUSE CHAIRPERSON (Ms M G Boroto): Unfortunately, hon chairperson, your time has expired. [Applause.] Could you check the clock on your left? [Interjections.]

Ms N W A MAZZONE: House Chairperson Boroto, hon Minister, hon Deputy Minister, fellow Members of Parliament, ladies and gentlemen, allow me, Minister, to demonstrate how one disagrees as a democrat and not like the fascist 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 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 the privatisation of public enterprises that were put under the control of the department. It makes no sense, otherwise, for Eskom not to belong to Mineral Resources and Energy. Transnet should belong to Transport; Denel should belong to Military Defense; Alexkor should belong to Energy and Mineral Resources; SAA, SA Express and Mango should belong to Transport; and Safcol should belong to Mineral Resources and Energy.

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

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 all 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 very same Parliament.

In South Africa, the Department of Public Enterprises is proof that all international investors use to measure our corruption levels is the cause of 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 to be conducted of state-owned enterprises. The reply I received came as no surprise. Again, the ever famous, yet ever-elusive 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 converted to the Presidential State-Owned Enterprises Council. This council is supposed to reposition the SOEs as an instrument of economic development. Now, we've had review after review, task team after task team, commission after commission, but here is the fact: state-owned enterprises are archaic in their design and they should not be used for economic development. They do not work.

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

You cannot grow the economy when you are held to ransom by unions who cripple state-owned enterprises when 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 rand into already failing entities.

South Africans are literally starving. Ten million 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 rand in bailouts for these failing entities. It is an absolute disgrace and it is not condonable, no matter what your political ideology is, or 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 friends, 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 that we actually really do have the power to completely turn the South African economy around, but, because of ANC factional battles, because of a sheer lack of guts and determination, because of fear of retribution, the

government lets the criminals win and South Africans remain poorer, locked in a cycle of poverty and the situation becomes even more dire.

It is 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.]

Mr 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 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 enterprises, to unlock growth, to drive industrialisation, to create jobs and to 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

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 argued easily 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, the question remains: Will the hon Minister have the support of the ANC in cleaning up these SOEs from within? That is the question we are asking. The various challenges faced by SOEs are internal and include weak, inexperienced and incompetent leadership, which can affect our entities strategically, operationally and financially.

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

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

Regarding SA Airlines, another entity of perennial bailouts, staffing issues and dubious senior management appointments, we note many similarities. It is all from within. Isn't it time, hon Minister, that we cut our losses and consider public-private partnership of these 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 that 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 within?

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 nation's security.

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 enterprises.

The fact of the matter remains: South Africans can no longer afford to pay more for SOEs that are not fulfilling their mandates and do not add any value in as far as this is concerned.

If we look at the strategic objective of state-owned enterprises, 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 embedded from within, thus undermining the very same objective. A better Africa and a better world: How is that even possible when we are currently on our knees?

This is the reality that we must face, hon Minister. And this department is its own enemy and it is counterproductive if it fails to deliver on its own key performance indicators.

However, in our commitment as the IFP to work in the best interests of the people of South Africa, the IFP does not oppose this budget. Thank you. [Applause.]

Mr W W WESSELS: Hon House Chair, what we saw here today was 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, Minister, do not stop your fight. Do not be intimidated. Do not be held to ransom by those, as we saw here tonight, who want to protect themselves. On that point, I wonder

where the hon Malema is tonight, but if you look at fascism and the history thereof, you also didn't see Hitler anywhere near the trenches or the gas chambers. The hon Malema is most probably sitting in Camps Bay while his troops protect him.

To save our SOEs and our fiscus and, in 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, and also to prevent that from happening ever again.

Hon Minister, through you, Chair, you can also not be held to ransom by the alliance partners of your own party. The trade unions can also not be allowed to hold you to ransom, and you cannot afford not to take decisive action. You need to actually take those steps needed to get our SOEs profitable.

Let's compare some of our SOEs to former, wholly state-owned entity Telkom, which is now partially state owned at 40,5% and which is now profitable. The latest financial results show that 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 that to SAA and Eskom: SAA needs R22 billion for the next three years from our fiscus and Eskom requires R69 billion.

The turnaround of Telkom, however, did not 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, Minister, do not be held to ransom by ideology. Let's take the steps to save our economy and our fiscus and actually act in the best interests of all South Africans.

Let me also take this opportunity to reflect on today. Today is a bad day after what happened here, but it is also a good day. One hundred and nineteen years ago today there was the battle at Silkaatsnek.

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. (*Translation of Afrikaans paragraph follows.*)

[At that battle the English were defeated. This was a very important step in the fight against colonialism. It is a struggle that lasted many years and an important step. Today is also important, because yesterday something very important happened. Yesterday, the trend that transpired on 8 May, when voters placed their trust in the FF

Plus, continued when the FF Plus triumphed over the DA with an overwhelming majority in Ward 30 in Stilfontein.]

[Interjections.]

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. Those voters in Ward 30 in Matlosana in the North West yesterday put their confidence in the FF Plus. That growth will continue. It will continue towards 2021. We say to the ANC: We will be the opposition that you actually require. We actually oppose your policies.

[Interjections.]

We don't only want to beat you; we want to oppose you and actually work together with you as well to improve South Africa in the interests of all South Africans ... [Interjections.] ... not only here or there but in the interests of all South Africans. That is what we need, hon Minister. We need co-operation. We all need to be proud, as South Africans, of our SOEs and be proud of our government departments. We need not only to take a stance - all of us as South Africans - against corruption and looting, but also to act against what happened here this evening. We need to act against those who want to act lawlessly and we must take a stand in the best ...

[Inaudible.] ... of all South Africans. I thank you. [Time expired.]

The DEPUTY MINISTER OF PUBLIC ENTERPRISES: House Chair, Minister Pravin Gordhan, hon members, chairpersons of the boards of state-owned enterprises and their executives, guests in the gallery, ladies and gentlemen, good afternoon and nearly good evening. Firstly, I wish to enlist my voice in expressing disgust at the deplorable scenes we 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 their Parliament, the expression of their collective power. I have no doubt in the ability of Parliament to ensure that its dignity and standing are protected and restored in the face of the people who are yearning for this institution to do what is good for them.

In participating in this debate, I also wish to say that we recently held elections and our people overwhelmingly showed their support for 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 and raise our hands in the air in hopelessness. We have to make sure that we bring forth the changes that our people aspire to. In this respect, the President did, in his state of the nation address, ask of all of us 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 SOEs being agile companies and effective businesses that deliver reliable services to the country.

South African Airways, SAA, 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 SOEs have been plagued by many challenges, as has been outlined. These, if left unattended, will surely result in their collapse and failure?

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

As a government and a department, resolute behind the leadership of Minister Gordhan, we are determined to root out all of this at all levels. We are addressing the structural challenges facing our state-owned enterprises 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. They must bring efficient solutions and safeguard the interests of all our people in ensuring that the services are provided in a cost-effective manner.

Specific to SAA, as the Minister indicated in his introduction, we are making a number of interventions in that respect, but we have a concrete reality that we have to contend 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 and large, free and competitive. If our airline assets are to compete and survive effectively 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 will be working urgently to address the decline of the airline and its ancillary businesses. This must be founded upon the appointment of a world-class executive leadership team with credible aviation experience.

As I had indicated, we will not let our SOEs fail. We are committed to ensuring 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 and strengthening its operations.

A comprehensive review of its domestic, regional and international routes will be undertaken to minimise losses. Noncore assets, which currently distract management from attending to its core activities, need to be relooked at and possibly disposed of - those that cannot be profitably used by the institutions.

We must stress that our SOEs are working within a limited budget framework. We have to look at the diversity of financial injections so that the fiscus is not pressured unnecessarily.

Hon Chair, I am looking at the clock. I must try to go very fast. I also have to attend to a few of the things that have been stated here. In this way, we do want to work collaboratively, 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 SOEs, the boards, but for all in those entities, labour and the private sector. We have to collaborate to find solutions to some of these difficult questions for which we have begun taking measures.

Regarding Denel, I want to say summarily it's not all doom and gloom. Yes, there are immediate challenges but, certainly, there is also a pipeline of opportunities, that if properly followed, will allow Denel to be poised to change for the better forever. It is possible through the collaborations that one is talking to.

To the hon members that spoke before me here, particularly the longest serving member of the portfolio committee which I attended, the hon Mazzone, certainly, we do appreciate the working collaboration, 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 undertaken another comprehensive review of these SOEs.

If I listen to you, you also say that there have been many of these reviews. Indeed, there seems not to have been action. I don't know how different it would be to go back again to do the same thing. I think what we need to do is 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 Presidential State-Owned Enterprises Council, PSEC, has been instituted. We will come back to the committee to report progress in respect of the interventions so desired, as mapped out from that SOE Council and as led by the hon President.

That the department need not exist is no different from those who came 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 work in a constructive way to take forward some of this, rather than simply just being hopeless and destructive.

It is completely without justice to say that when measures are in place that this government is letting go scot-free those who have stolen - letting them get away with it. Certainly, that is not true. If one looks at what has been put in place, the sort of interventions that are in place, then that is a misstatement. Any statement that suggests that government has let go scot-free those who have actually stolen from the government is a misrepresentation of facts. Let's look at the measures that have been put in place.

In fact, the President has led quite a brave effort to ensure that the National Prosecuting Authority, NPA, is given capacity. They are working on it. I think that instead of just crying and raising your hands in the air, let's work together to get things done.

Hon Buthelezi, we really are looking at working with all South Africans, including political parties, to deal with the challenges that we have. Certainly, we need that environment in order to see to it that the much-needed transformation can take place. Thank you very much, hon Chair. [Applause.]

Mr M G MAHLAULE: Hon Chair, I did not want to disturb the speaker at the podium. I am raising the concern that the hon Mileham in the gallery tends to heckle and he is heckling while he is in the gallery, which may pose some questions to us that ... Are members in the gallery ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Noted. Thank you.

Mr M G MAHLAULE: 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. There weren't any seats available earlier, but we do have seats available now.

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 a clear vision and have ethical leadership, guided by ANC policies and the mandate given to us by 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 enterprises in generating inclusive growth, providing efficient and cost-effective network services and delivering public services to both those who can pay and those who cannot.

Hon Chair, we have the responsibility of restoring these so that they are able to perform their mandate to the best of their ability. We also have the responsibility of encouraging significant new investment in our economy, with the aim of achieving sustained inclusive growth and transforming our economy.

I just want to remind us - because there is so much howling and there are so many misguided concepts regarding Eskom - that 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, we will ensure a reliable and cost-effective electricity supply in terms of our mission, the development of economic growth, and the delivery of the ANC-led government's mandate on its commitment to advancing skills development, especially for our young people.

Hon Chair, we are noting the challenges facing Eskom, as the hon Minister put it very well in the state of the nation address debate on 25 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 these challenges have had an impact on the performance of the economy and placed pressure on our fiscus. The escalation of the municipality bill and Soweto debt have had a huge impact in terms of Eskom's cash flow and its debt growing at R1 billion a month, owing to difficult economic conditions ...

... abantu bakithi abahlala ngaphansi kwazo ... (*Translation of IsiZulu sentence follows.*)

[... the conditions that our people live under ...]

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

Hon Chairperson, we are guided by the ANC's 54th National Resolution No 23 that set out the firm action required to improve government and the performance of state-owned enterprises. The lesson learned is clear: for growth, we need a reliable and sustainable supply of electricity. We are on the path to recovery and we note with great hope, hon Chair, the appointment of the new Eskom board. We find both joy and encouragement from the passion, commitment and

excitement among the thousands of South Africans who really want to make this entity work - not the howlers but the doers - as the President alluded to in the state of the nation address.

Amongst other challenges that the board is addressing currently is the ready availability of installed capacity, electricity availability, the focus of power stations, and ensuring that our people are on the receiving end of timely maintenance and quality work. We are not here for a beauty contest. We are here to make sure that we deliver quality services to our people. [Applause.]

The progress that is being made by the board in installing a culture of effectiveness and transparent governance concerning the amount of fraud and irregularity cases is exciting, as the Minister reported. Those who don't listen, it's not our baby. Siyaqhuba - we are continuing.

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much - on that that note.

Ms J C N MKHWANAZI: Hon Minister, we support the board and ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you very much. Thank you, hon member. [Applause.]

Is the hon Shaik Emam in the House? Are you coming to speak? I see you were writing me a note. At least you are here.

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

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 will have more enemies. When you do the wrong things, you will have more friends; when you do the right things, you will have more enemies. So, I congratulate you on the stance that nothing will deter you from ensuring that we live in a society free of any corruption.

Minister, I have asked on numerous occasions in the past: What is the real challenge in that when it is a state-owned entity run by government we have a problem? But when it is in the hands of the private sector, it is managed and is profitable. I know one of the reasons, and what we have identified was the fact that there has been interference by government officials. In the water private sector 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 from us at all, so that it is run as a business? It's profitable but also provides

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

The second problem I have is with SA Airways. Now, Minister, SAA even did a briefing with the appropriations committee wanting an amount of about R23 billion. You and I understand in terms of business that if you need R23 billion to solve your problems and come out even and start becoming profitable - and if you give somebody titbits of R3 billion, R2 billion and R1 billion - it's not going to work. The CEO had expressed concern on numerous occasions, and I am not surprised he has resigned. It looked like he was being set up for failure because he was not getting the tools to be able to turn SAA around.

SA Airways itself is not the only 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 are giving rules to other airlines, but you expect your own airline to make money. Some would argue and say, "What about competition?" Surely, you need to put the needs of your own people and your country first? Even some of the international airlines are flying where previously our own airline used to transport them from O R Tambo to Cape Town. That's basically another challenge that we are not addressing. Yet, we expect SAA to make a turnaround.

Now, regarding Eskom, I must commend you on the interventions, Minister, that you are putting in place. The NFP supports the report. [Time expired.]

Mr S N SWART: Chairperson, hon Minister, the ACDP fully appreciates the severe challenges state-owned enterprises present, not only for the fiscus but for the economy as a whole. We saw a 3,2% contraction in 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, that is 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's allocation of R23 billion. This is deeply disturbing. We, as parliamentarians, need to exercise our oversight over any proposed bailout and this 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 the 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 far greater severity of state capture and corruption that occurred at the SOEs.

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. The money must not only be recovered from those who have been involved, but they must be arrested and charged. I have said for a long time that we don't have to wait for the Zondo Commission. Another member has also said that we don't have to wait for it. Let us go after those who are involved in state capture.

Now, the role of certain compromised companies must also be considered. Private entities must also be held accountable. There is the role played by Trillian, Tegeta and McKinsey - as well as the role Bain and KPMG played in the hollowing out of the SA Revenue Service, Sars. The question is, as has been indicated, Minister, whether a hurried apology and the repayment of fees are sufficient. I think those were your words. We think not, considering the damage done to the country.

I also serve on the justice committee. We did receive an update from the National Prosecuting Authority boss, Advocate Shamila Batohi, and the new head of the Investigating Directorate, Advocate Cronje. They are investigating. Progress is being made but, clearly, there are budget constraints in that regard. These are complex matters.

Forensics is very complex and requires a lot of funding. In addition, both the Asset Forfeiture Unit and the Special Investigating Unit are making progress. We welcome the Special Tribunal, which will expedite civil claims to recover ill-gotten gains expeditiously. I have also long argued that those units need to have their budgets increased substantially so that they can quickly recover the ill-gotten gains.

Minister, 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 the 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 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.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon Swart. I now call the hon Kwankwa.

[Interjections.] [Laughter.]

Mr N L S KWANKWA: Well, I'm going to disappoint you today. I'm not going to say that.

Hon members, despite numerous attempts ... I beg your pardon; I should start at the beginning. The problem we have here is that lawlessness begets lawlessness. This degeneration, in terms of which we do not respect parliamentary Rules and conveyances, has been allowed to take place over time; over an extended period of time. Some of us even got the reputation of being condemners, if there is any such word, when we stood up in the House and condemned. Every time something wrong happened, we condemned.

I understand the political dynamics around this issue and we condemn it. The issue here, Minister Gordhan, is that 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 of and respect for this institution, because if it loses credibility, then we are all doomed as South Africans.

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 a rather 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 talk particularly 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 Eskom money via the debt-equity swap, one might ask why we are calling it giving them money when it is a debt-equity swap. They will not be servicing any debt. In terms of the Special Appropriation 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.

Minister, whenever we walk around the country interacting with South Africans, South Africans are asking and want intricate details about 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 been given 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, so we support it. 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 we 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 during which some of the people from Soweto were saying, "No, I can only afford to pay R2", or "I can only afford to pay R5", making a mockery of attempts of get people or to encourage them ...

... ukuba babhatale. Sithi aba xa sisiya kweza ngingqi zovoto....

Andikutsho ukuba la masela. [Kwahlekwa]. [Laphela ixesha.]

(Translation of isiXhosa sentence follows.)

[... to pay. That is us when we go to the voting areas ... I'm not saying steal, thieves. [Laughter.] [Time expired.]

Ms D D DLAMINI: Hon Minister, Deputy Minister, directors, 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, freight and pipeline infrastructure. The essential of its core function is to assist in lowering the cost of doing business in South Africa.

Corruption, state capture, the misallocation of resources, the weakening of leadership and the breakdown of control systems have 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 was expressed by the ANC when it acknowledged and resolved that firm action was 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 could be solved by ensuring the appointment of skilled staff and qualified board members and protecting public institutions from improper interference.

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 SOEs in order to ensure that these SOEs fulfil

their developmental mandate, the ANC-led government appointed new board directors in May 2018. This board is committed to achieving certain and calculable economic and developmental goals set by the Department of Public Enterprises.

One cannot begin to explain the importance of this entity and the socioeconomic impact of this entity. It is a big contributor to 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 past financial year, more than 400 000 lives were touched by this entity. The two trains, through their clinics, provide general health care, education, dental care, eye care 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. The allocations for Programmes 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 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 must be given to the committee to prove progress in this regard. We note that performance in port operations improved by 6% from 4 396 in a 20-foot equivalent unit in 2016-17 to 4 664 in 2017-18. In the same vein, we note, equally, that pipeline volume decreased by 3,9%, from 16,9 billion litres due to a two-month closure of the fuel. The ANC supports the Budget Vote. [Time expired.] [Applause.]

Mr S N GUMEDE: House Chair, Minister and Deputy Minister, members of the portfolio committee, all others members present here as well as members of the boards and the community at large, I prepared a speech but I feel 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.

I have a feeling that we are not being honest with ourselves. We need to give credit where credit is due. I have only been here for about three months. I have seen the strides this committee has made. It would be unfair so say that this this committee or perhaps the SOEs must be abolished because they are not doing anything. 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 said in that we have what we call the SOEs' road to stability. It is something I have just coined and I hope it will work. I am referring to what the President said 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 that you have managed to restore those SOEs, it is essential that you strengthen those SOEs.

I am speaking in front of you today with the achievements that the boards and the department have made. There are boards that are in place. Today, there are CEOs that have been appointed. Those are all achievements we have made.

My task is to talk about Denel. The R2,8 billion that has been requested by Denel is due to the fact that we do oversight of Denel. In fact, if Denel is short of money, the first port of call is us. They will have to come to us and talk about that. The President said: You go and do this work. I am expecting that next year he will come and complete the SOEs' road to stability.

There have been achievements. For instance, there is the appointment of the new board members. There are the CEOs that have been appointed. There are companies in which the boards are renegotiating some contracts. We have to avoid the termination of staff. They are entering into negotiations with severance packages. Importantly, there is a pipeline of about R30 billion that Denel is likely to get

once they are flying high. I think that we are in a position to say, jointly, that we must work together and make sure that we achieve what we want to achieve.

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

Ms C M PHIRI: Hon House Chair, hon Minister, Deputy Minister, hon members of the portfolio committee, distinguished guests, ladies and gentlemen, board members of the SOEs, all protocol observed.

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 ... *(Translation of Sepedi paragraph follows.)*

[Hon House Chairperson, allow me to tell South Africans that as the ruling party, there is a saying that goes ...]

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

Se sengwe setsopolwa se re ... *(Translation of Sepedi sentence follows.)*

[Another saying goes ...]

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

Re le mokgatlo wa ANC ... *(Translation of Sepedi sentence follows.)*

[As the ANC ...]

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

One of these solutions is contained in 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 alluded to 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 and commercial and legal resources and each will answer to the SAA board.

This 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 Telkom. He spent his first three months at SAA focused primarily on its cash flow challenges. There have been some positive improvements shown to date, as an hon member from another party alluded to when he said this had potential. We need to protect that.

Hon Minister, as much as the record shows that there is improvement to date, we recommend that skilled and professional public servants should remain at their work stations in order to thrive and contribute at 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 very good. All of us members of this House travel with SAA and we are very happy with the service. [Interjections.] 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 President Cyril Ramaphosa recently met with the chief executives of 20 state-owned enterprises, including SAA and SA Express, to discuss the challenges plaguing state-owned enterprises. These CEOs were given clear marching orders by the President and they have pledged their commitment to ensuring that these SOEs are turned around.

There are some 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 support the government bailing out the entities, with conditions of course. We do understand why this was not done with this current budget.

In conclusion ...

The HOUSE CHAIRPERSON (Ms M G Boroto): Thank you, hon member.

Ms C M PHIRI: ... as the ANC we really support this Budget Vote. We call on the Minister to speed up the consolidation of the airlines. Thank you, Chair. [Applause.]

Mr E J MARAIS: Hon 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 benefit 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 move with haste to stabilise and revitalise state-owned enterprises, 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 this opportunity to congratulate members of the Portfolio Committee on Public Enterprises in the Fifth Parliament on 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 for those who can afford them.

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.

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 a reliable supply of coal for our existing power stations, an industry compact must be entered into, underpinned by comprehensive coal field 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.

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 reddingsboeie vanaf die staat aan Eskom is nie volhoubaar nie en plaas die staat se finansies onder geweldige druk. (*Translation of Afrikaans paragraphs follows.*)

[Eskom currently owes R440 billion and does not generate enough revenue to pay off its debt or interest on it. Maladministration and misappropriation have been the order of the day, as revealed many times by the Zondo Commission of Inquiry.

Although the price of electricity continues to rise annually, Eskom cannot recover its running costs from the sale of electricity. Furthermore, Eskom's workforce is far too large and needs to be reduced. Further bailouts from the state to Eskom are not sustainable and are placing the state's finances under tremendous pressure.]

The department and the Portfolio Committee on Public Enterprises must monitor Transnet capital plans and the implementation of commitments made on the Port of Saldanha; provide oversight on the efficiency of South African ports and exercise commitment regarding

the Port of Durban; provide oversight on the financial sustainability of Denel; find a lasting solution to the rising municipal debt for electricity to Eskom; and conduct quarterly site visits of SOEs' major infrastructure programmes. The performance of SOEs over the past few years has been questionable, with a 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 the State Capture Commission, led by Deputy Chief Justice Raymond Zondo. The report into investigations of 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. [Applause.]

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

The former chief executive of Eskom, Ian McGrae, tells a personal anecdote about a discussion he had over lunch in the dying days of apartheid with struggle icon and father of the democratic South African nation, Tata Nelson Mandela. McGrae 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 connects more black South Africans to the grid."

I am relating this story because I want us, as we commemorate 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 not a platform for theatrics; this is the National Assembly where the people exercise their power. The current state of some of our state-owned enterprises would have disappointed the generation of Madiba. However, if we cast our eyes back to merely a year ago, there is reason to have hope.

In May 2018, when Parliament conducted its Budget Vote debate, most of our state-owned enterprises were under a cloud of allegations of corruption and state capture. We are now witnessing a Bell

Pottinger-style fight-back campaign. Its primary target is Minister Pravin Gordhan who finds himself trending almost every week on Twitter, based on all manner 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 fighters, and I am not talking about the red berets - red freedom fighters ...

E feta fela! (*Translation of Sesotho sentence follows.*)

[It only passes!]

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

This hon Minister and the Deputy Minister are all acting on this mandate. The mandate says: Government must take firm action to improve the governance and performance of SOEs by ensuring the appointment of skilled staff and qualified board members, and by

protecting public institutions from improper interventions. Members of SOEs who are here, I want to assure you: We want you to come to Parliament and account on the public coffers. We want to assure you that we are going to invite you very soon.

Hon Minister, we need governance of these SOEs. We need stability in governance. We also want to call on the Department of Public Enterprises, as of date, to look into compensation. You said it yourself that we have acting deputy directors-general. We have acting directors-general as we speak. This is not Bollywood. We want governance and accountability. We want stability in Public Enterprises.

I am coming round to responding to the hon Mazzone who tells us that we must do away with this department and it must not exist. What hogwash! So, Minister, please attend to that. We need compensation - this department is underspending. It needs to spend and ensure there is governance.

The EFF is firmly in the corner of the thieves of state capture 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 off state assets to private firms. Neither of these agendas genuinely seeks to develop the state of Africa.

Let me go to responses. This speech is just going to waste my time. Hon Mazzone, let me respond to you. You tell us the department must not exist. 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.

I want to reiterate what the Deputy Minister was saying as it's true. It's disruptive, that statement. You went to the committee when we were adopting the report and you said this was the best committee that had ever performed in the 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 a political ideology and political background. Let us ask you: What is your political background? Neoliberalism. We will ask this too.

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

[Interjections.] [Applause.]

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

[Interjections.] Let us ask you about former Mayor Msimang's

allegations of GladAfrica - the one that you removed and took to Gauteng. [Interjections.]

You also failed to answer the people of Tshwane. This marriage of yours with the EFF has come to fail, and you don't want to speak about it. Tell the people of South Africa what this marriage of convenience was that you had. Right now you want to run away, but you want to tell us about state-owned enterprises.

I want to speak to this Mayor of Johannesburg. The people of Soweto have marched to Eskom and the Eskom Board. We want to say to you: Could you go to the people of Soweto - really deal with things there - and be one with the community? Could you deal with the issue of indigence and make sure Tladi-Moletsane gets services? The ANC supports this vote. [Time expired.] [Applause.]

[Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon members! [Interjections.] Who's shouting?

The MINISTER OF PUBLIC ENTERPRISES: House Chairperson, let me thank everyone for their contributions. This is just the beginning of the sixth administration. It's good to see that we are as lively as we should be and focused on the substance of what we do with our state-owned enterprises - what kind of positive role they can play.

Where we recognise that state capture has caused immense damage to reputation, structure, finances and operations of SOEs, let's focus on how we fix them and deal with those who are fighting against the recapturing of SOEs and expose them for what they are doing.

I also want to share the compliments that have been paid to the fifth administration portfolio committee. 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, then 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 reassured about the fact that the President regards the fixing, if you like, and repositioning of SOEs, particularly the bigger ones like Eskom, Transnet, Denel, SAA or the airlines more generally, and, indeed, Prasa as well, as absolute priorities for the sixth administration and his government.

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

[Interjections.]

The HOUSE CHAIRPERSON (Ms M G Boroto): Hon member, please refrain from ... [Inaudible.]

The MINISTER OF PUBLIC ENTERPRISES: Secondly ... if you let me continue. You will have your chance at some stage.

Secondly, there are models around the world. There is Temasek in one instance; the South Asia Subregional Economic Co-operation programme, or Sasec, in another. There are Scandinavian examples as well. Let's 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 - and how we could make sure that they contribute in the right way to the economy more generally, as all of us have spelt about.

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

I think the essence is: Can we agree that 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 we want financial sustainability? If we agree on all those things, let's put our heads together and see how we are going to get them. [Applause.] That's a simple matter. 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, at least around areas that we agree on, let's find a way as a committee, as the Ministry and as the department of making sure that we do the work that is necessary.

Inkosi Buthelezi, your point about cleaning up is an absolutely valid one, one that, I think, we have just all agreed to. None of us wants to 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 and fake narratives that are run through all kinds of digital media and other things as well.

This is the fake news world. This is the world where you can mislead thousands if not millions of people as a result of things that you manufacture in some dark room somewhere with the help of some people like Bell Pottinger did. 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.

That's another thing that we are now agreeing 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 that we are saying? Yes, we do and we have the President's backing. And, indeed, we have the ANC's resolutions to back us up as well. There might be some Doubting Thomases all over the show in different parties, but I can guarantee you the political will is certainly there. You can see how some of us have to face the consequences of having to demonstrate political will, and not just talk about it and make speeches about it. We will come back to that. You made an important point, which is: Let's work together to fight corruption and the kind of lawlessness that we saw earlier on in this House.

The 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 nonpayment to be overcome. In recent times there have been several incidents of violence in Soweto. For example, people resisting disconnections and so on. I think we should collectively, across all 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, because this is economic sabotage at the end of the day. It undermines Eskom's good efforts to begin to become financially sustainable at the end of the day.

SAA is certainly a challenge; so are the airlines. You can see that many airlines across the world are consolidating in one way or another. Give us a few more months to not only look at the finances of the airlines, but to critically examine whether there is an investment case that government has and how we go forward.

What we do have a commitment from government on, across previous administrations as well, is to invite a strategic equity partner 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.

I think the hon Shaik Emam has actually left us. There are many examples around the world where SOEs work well and their management by government works well as well. One can look at the South Asia Subregional Economic Co-operation programme, Sasec, the organisation that has management and control over 96 Chinese SOEs. One can look at their performance, particularly over the past five years or so. 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. Maybe we need to lock up some people too in order to do the things we want to do at the end of the day.

So, hon members, what I'm saying - and I concur with hon Swart as well - is that the time for prosecutions has come, the time for

putting people to the test of being in front of a judge has also come. You cannot have endless exposures undertaken by investigative journalists about all sorts of transactions happening. The way these people mask their activities is by bullying and shouting down other people in various forums.

Hon Kwankwa, there should not be any Soweto exceptionalism, as I pointed out earlier on. 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 the hon Gumede that perhaps in addition to recovering the R600 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; and, secondly, to seize the assets that they have bought with stolen money as well. The luxurious lifestyle they lead is 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 who are involved and who have been extracting public funds for their own benefit.

Hon Marais, 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 it has been through, which was exposed by the committee in the fifth administration, and we certainly need to keep an eye on 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 and destabilisation of SOEs and institutions for perceived short-terms interests, or a broader commitment to a common national interest that makes South Africa great, a force for good and a force for human dignity for all South Africans. Thank you very much. [Applause.]

The mini-plenary session rose at 18:58.